THE BUSINESS WEEK

A Journal of Business News and Interpretation

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THE BUSINESS WEEK, November 27, 1929, No. 12. Published weekly by McGraw-Hill Publishing Company, Inc. Publication Office, Boston Post Road, Greenwich, Conn., Editorial, Advertising and Circulation Offices, Tenth Ave. at 36th St., New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; C. H. Thompson, Secretary. $5.00 per year. 15c per copy. Entered as second-class matter at the Post Office at Greenwich, Conn., under the act of March 3, 1879. Printed in U.S.A. Copyright 1929 by McGraw-Hill Publishing Company, Inc.

The Business Week

WITH WHICH IS COMBINED THE MAGAZINE OF BUSINESS

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

COVERING EVENTS OF THE WEEK

ENDING NOVEMBER 23, 1929

Business Outlook—Clearing, Continued Cool

UNDER the reassuring influence of President Hoover's conferences with business leaders and of a steadier securities market, a somewhat better spirit is returning to the business community. After having listened to enough gloomy gossip to last them for a while, business men are beginning to notice the fact that the industrial and trade activity is fair and are putting back their ears and pitching in.

The rate of recession has slowed up to what is not much more than normal for the season. Although holiday trade may be somewhat disappointing in some lines and certain localities, in two months the general seasonal decline in industrial operations, building and railroad traffic should be over and the usual signs of spring revival should begin to appear. The disposition to speed construction and development work, and the progressive easing of money rates should shorten whatever recession is not of a normal seasonal kind. Suspension of tariff revision will help.

The outlook for the stock market is not so hopeful or certain. Although a normal price-earnings ratio has been restored for a large group of representative leaders, further readjustments in the list are likely, and a secondary general relapse before the middle of next year is possible. This would be hastened under present conditions by a too rapid recovery of prices as a result of excessive outpouring of optimism from business leaders and public officials.

President Leads Movement for Stabilization

THE conferences which the President began this week with important representatives of various industries are part of a program of action which has been in process of development for at least two years, since Mr. Hoover was Secretary of Commerce. It may be said to have been begun even earlier, with President Harding's Unemployment Conference, which was suggested by Mr. Hoover in 1921. The purpose of the latter was not to find ways of remedying the unemployment during the depression of 1921, which was passing away anyway during the following year, but to examine carefully the causes of business fluctuations which brought unemployment about.

Thereafter it is understood that Mr. Hoover took an increasing interest in the general problem of promoting greater stability of business. His work as Secretary of Commerce in encouraging the development and use of business statistics as a means of guiding and controlling business expansion, and his support of trade organization effort along this line, were both reflections of his interest in the problem of stabilization.

After the recession of 1927 there is reason to believe that he became especially interested in the theory put forward by William T. Foster and Waddill Catchings, which ascribed fluctuations in business to changes in consumer purchasing power resulting from successive and excessive expansion and contraction of building and construction work of all kinds, and which proposed that the Federal and State governments as well as private industry should co-operate in controlling capital expenditures for construction in closer relationship to changes in business conditions.

Last year his Committee on Recent Economic Changes carried forward this study of the course of industrial and trade development in this country since the war, the factors influencing business fluctuations and the problems involved in securing more stable and well balanced business development.

The conferences now being held are a continuation and direct application of all this work that has been done under Mr. Hoover's inspiration. They have been given added and timely importance

by the wide-spread disturbance in business due to the stock market crash, but they would normally have taken place sooner or later anyway because the business recession that had been going on slowly since the middle of this year would again have drawn attention to the fact that the problem of co-ordination, stability, and balance in business development had as yet not been completely solved.

The immediate purpose and effect of these conferences is to sustain and speed up construction and expansion projects which might otherwise be delayed for some time by the hesitation and uncertainty among business executives and public authorities regarding the business outlook. They were preceded by the promise of some tax reduction and by the announcement that the Federal government would somewhat advance its public building program.

The theory behind these activities is simple, logical and plausible. Tax reduction, though slight, will release some public purchasing power for direct use in ordinary trade channels. Speeding up public construction—if the co-operation of state governments can be secured—will release more purchasing power in the form of wages for those employed directly as well as in the industries supplying materials and equipment. The prospect of increased demand for ordinary consumers' goods as well as producers' goods from such sources is likely to stimulate manufacturers to maintain production schedules and to carry on with their normal programs of plant development.

Such construction and expansion, however, requires the larger use of credit—public and private. To carry on public construction through funds supplied by heavier taxation would not increase the general purchasing power, and industrial expansion could not take place without temporary credit aid both for new construction and equipment as well as to carry larger consumer inventories. It is therefore necessary to reduce interest rates and ease credit somewhat more largely and rapidly than might normally be justified. This has been done by the Federal Reserve Banks under the approval of the Reserve Board, and will probably continue. The New York bank, which is in the center of the bond market, has lowered the discount rate to 4½%; the other district banks will follow soon, and it is expected that by the end of the year all bank rates will be down to 4%.

Railroad maintenance, development and construction (nearly $1,000,000,000 annually) ranks next to public building in its effect on general business. Public utility construction and development (running from $700,000,000 to $900,000,000 annually) is third.

So far as it relates to the current situation and the outlook for next year, the program behind the Hoover conferences is close-knit and well worked out, but it should be remembered that it runs back of and beyond the immediate situation. Undoubtedly the President has in mind that these conferences may lay the basis for permanent organization and action of groups of business leaders looking toward long term plans for increasing the stability of business growth in this country. Since the stock market is the greatest disturber of such stability, such plans are far more promising for general business than they are for the security market.

The Tariff Is Put to Bed

THE forecast of the death of the Hawley-Smoot tariff bill in THE BUSINESS WEEK for November 20 was strengthened by the turn of events in the Senate this week. After a sudden rush of action last week under the leadership of a group of regulars and insurgents whimsically labelled the "Young Guard" or the "Young Turks" or the "Hoover bloc," who had been able to rush through a rapid series of increases in agricultural rates in night sessions, enthusiasm for the kind of tariff bill which would result from these tactics died out.

The theory behind this enthusiasm was that the Senate might be able to push through a bill in the special session conforming more or less closely to Mr. Hoover's ideas, raising agricultural rates as high as possible throughout the schedules and holding industrial rates at their level under the existing tariff law, without further cuts such as the insurgent-Democratic coalition has had the power to carry out.

The "Young Guard" were hopeful of being able to keep the Senate in session until a bill of this kind should be passed before the special session expired. They counted on discussion in a conference committee of the Senate and the House to salvage such a compromise bill. It finally appeared impossible to carry out this plan, in spite of the speeding up of discussion, before the regular session. Some of the extreme insurgents were unwilling to promise not to try to cut the existing industrial rates when they came up for discussion. Some of them feared that this would lead to raising the rates in conference above those of the present law, and they wouldn't risk any agreement which might have that result. In consequence, a majority of the Senators decided to give up the job and adjourn on Friday until the regular session convenes.

What the line-up in the regular session will be in view of the changed business situation it is impossible to say. It is probable that the President's influence and his views on tariff revision will have greater weight because of the leadership he has assumed in securing non-partisan co-operation in measures for promoting business stability. If he does not favor dropping tariff revision altogether in view of the additional disturbance which it would create, he will probably stand a better chance of securing the limited revision which he favored from the beginning.

Where the Farmer Comes In

THE participation of representative farm organizations of the Farm Board in Mr. Hoover's conferences for the purpose of stabilizing business and mobilizing a prosperity psychology has made many people wonder what the agricultural part of such a program might be.

The Farm Board of course has laid the basis for such a movement in all of the steps it has taken toward forming national marketing organizations, stimulating co-operative action and using its funds to help the farmers hold their products for sale on a better price basis. The Board's work will be greatly stimulated by the whole situation at the present time. M. W. Thatcher, General Manager of the Farmers' Union Terminal Association of St. Paul, after conference with Federal Farm Board officials and others announces that a general appeal will be made through the press, over the radio and directly to farmers to curtail further the movement to wheat terminals and to increase loans made on wheat held on farms and rural elevators and warehouses. This will be part, Mr. Thatcher says, of "the most outstanding program ever attempted in the history of the farm relief movement."

A grain elevator will be selected in every grain town in the Northwest, Southwest and Pacific Northwest by the Farmers' Union to make loans on wheat to co-operatives in the movement to stabilize prices. The plan is to make these additional loans on stored grain at farm and country points to curtail the movement to terminals so that the excessive supplies in terminals will be reduced and the wheat taken out of the show windows, where it is retarding the increase of prices that is expected. The Department of Agriculture has forecast a 25 cents per bushel advance in wheat prices within the next ninety days. According to reports received by THE BUSINESS WEEK from its western correspondents some co-operatives have been buying wheat in the open market for less than they can borrow upon it from the Farm Board.

The National Grange at its national convention in Chicago announced that it would sponsor one of the greatest programs of co-operative marketing the world has ever seen, and no doubt the other farm organizations are only too willing to back this movement.

This is one instance in which the large scale use of credit by the government, coupled with an organization program, may render considerable help in an abnormal situation. After this situation has passed, no doubt the program of agricultural relief upon which the Farm Board has embarked will have to proceed more slowly.

The action this year may result in a large volume of credit which will take some time to liquidate, but if it succeeds in protecting farm prices in some measure from the psychological effects of the stock market crash upon the commodity markets it will help to sustain rural purchasing power at a time when it will be missed.

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Echoes of the Stock Crash

MANY people far away from Wall Street were quick to draw their own conclusions—right or wrong—from the collapse.

The European Steel Cartel immediately recommended reduction in production quotas of 10% after November 1, on the ground that the export market for steel products would be curtailed, and possibly also European domestic buying power. So far as the iron and steel industry abroad is concerned this might seem to be a shortsighted policy since the stock market readjustment here is expected to result in easier money rates abroad and in a revival of foreign borrowing in the United States, which might easily facilitate an expansion of construction work abroad.

Another repercussion of the crash is the crisis in the diamond trade in Antwerp, where thirteen big diamond cutting works nearby have shut down. An interesting fact accompanying this close-down was that the International Union of Diamond Workers forbade the trade union members to leave Holland and Belgium for South America for fear the diamond cutting trade might be transferred there. If the stock market crash is going to prevent people from buying diamonds it is hard to see why the diamond cutting business would be any better in South America than in Belgium.

Both these incidents seem to be symptoms of a world-wide hysteria or confusion of thinking about the Wall Street slump. Apparently hysteria has not been confined to this country.

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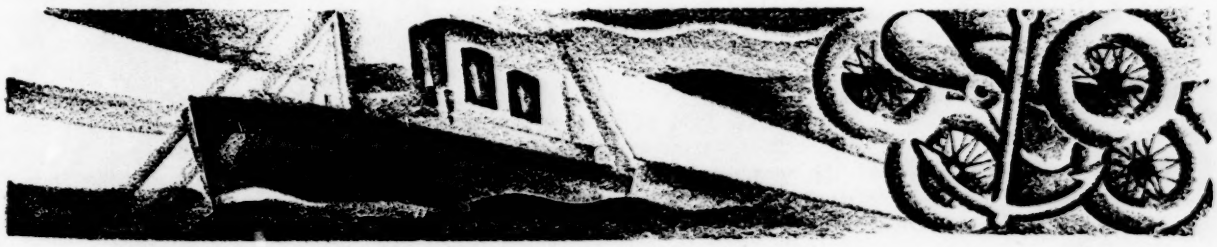
Why the Briand Government Fell

European Bureau
The Business Week

OPPOSITION of the important iron and steel interests in France to the acceptance of early application of the Young Plan was at the bottom of the collapse of the Briand cabinet. The Young Plan provides that German properties still held by allied governments shall be liquidated within one year after the plan comes into effect. Such properties situated in France or in the French colonies are still considerable, especially iron mines in Normandy as well as prospecting rights in Brittany. Most important, however, are such rights held by the Mannesmann brothers in Morocco.

The fifteen members who voted against the Briand government on the issue of the Young Plan were led by François de Wendel, who is the largest



holder of iron ore resources in France, is also intimately connected with the Schneider Creusot steel interests and has claims on the German mining properties in Morocco.

This group has wanted to block ratification of the Young Plan at least until the conditions of return or liquidation of German properties under it can be made more acceptable to French interests. The Tardieu ministry will still have to face this issue.

The same question, on a larger scale perhaps, arises in connection with the negotiations for the return of the Saar valley to Germany. Here it is not a question merely of French steel interests but of those of the whole Continent outside of Germany. The French interests represented in the Comité des Forges have invested a lot of money in the development of the mines, in transportation and in iron and steel mills—an amount estimated at more than $20,000,000. This outlay is a factor in the highly prosperous condition of the "French" iron and steel industry. In the return of these properties French capital invested in them wants to see itself not only protected but assured of the benefits from such expenditure. The French government would otherwise have to stand an immense loss in order to compensate the French Steel Trust.

The situation is complicated by the fact that the iron and steel industries of Germany, France, Belgium and Luxembourg are united in a co-operative arrangement for production control and marketing of steel under the European Steel Cartel. Within the cartel arrangement Germany has fairly regularly exceeded her production quota each year, and her production capacity will be greatly increased when these properties in the Saar and elsewhere are returned. The Saar valley under the Peace Treaty was supposed to be returned to Germany by 1935 in any case, but following the last Reparations Conference, France agreed to negotiate with Germany for a settlement before that date.

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Three Good Customers Return to Gold

THREE important nations of the world will return to the gold standard within the next few months as international credit conditions approach normal. This will aid international trade. As all three are good customers of the United States, we shall benefit.

Japan, which through a gold embargo has been definitely off the gold standard for more than two years, will lift the embargo within two or three months. Domestic preparations are complete. Arrangements abroad are under way. The House of Morgan and the National City Bank have been consulted. Belief is that a credit of something like $100,000,000 is desired to insure success. Almost every nation returning to the gold basis has needed such credits. Yen exchange has risen more than 1 cent in recent weeks and is now less than 1 cent below the par of $0.4985. A more complete discussion will be found in THE BUSINESS WEEK of September 21.

Easing of the abnormal strain put upon international finance by the gyrations of the New York stock exchange probably will bring Canada and the Argentine back to the gold basis. Officially neither has abandoned it. An unofficial embargo has existed in Canada for more than a year which has been quite effective, however, in preventing gold shipments. More recently the same type of unofficial arrangement has been put in effect in Argentina. The argument used was that with the abnormal conditions, gold shipments were pointless.

Return to gold payments will tend to stabilize the exchanges, which fluctuate much more widely when the balancing factor of gold shipments is not present. The Canadian dollar in recent weeks has been as much as several cents away from par, and has seen such wide and violent changes as to excite comment in all financial circles. Currently it is quoted at more than 2 cents discount, which would be quite enough to cause gold shipments to this country. The Argentine peso, par $0.4245, has been more than 1 cent below par, and is at present.

Such considerable changes in value in terms of foreign currency put a real handicap on trade. The buyer is unwilling to buy on future contract for the fear of having to pay a considerably larger amount, and the reverse applies to the seller.

The Bank of Japan now holds about $541,000,000 in gold. The Bank of Argentina has $507,000,000 and some $76,000,000 in monetary gold resides in Canada.

Wall Street Is Placing The Blame

SECURITIES markets experts are casting about for a comprehensive explanation of causes for the Wall Street collapse.

Many are inclined to blame the tax on capital gains as the most important major factor. A vigorous condemnation of this tax was issued last spring by the National City Bank. Last week Fred I. Kent, of the Bankers Trust Co., stated that the tax was one of the two causes for the market drop, the jockeying of the coalition senators on the tariff being the other. More criticism of this tax will be heard from time to time. The question is likely to resound in the halls of Congress.

Criticisms of this tax aren't always clear. The attack is on the income tax assessments on all profits from security transactions. The correct brief terminology is "tax on capital gains." Careless speakers often call it the "capital gains tax" which rightly is a special federal tax of 12½% on gains from sales of securities held over two years.

The criticism against the tax on capital gains is that it prevents a free market of securities. The holder of securities who has large profits does not wish to pay such a large amount of his profits to the government. Hence he holds his "paper profits"; does not cash them by selling out.

Since these securities are held out of the market, a scarcity value is created for the remaining shares. Prices rise much more rapidly and much further than they normally would do. This factor, it is charged, played a large part in bringing about the inflation in securities prices, which made necessary a resulting deflation.

It is extremely doubtful that pleas for abolition of this tax will be heeded. Official Washington has been tried out and found almost deaf. Proceeds from this tax form a very important part in federal and state revenues—witness that the Federal Treasury's $185,000,000 surplus last year was officially attributed in large part to taxes on individual profits in stock dealings. The antipathy of large sections of the country to security transactions, and on the part of certain prominent legislators is another block in the pathway of such a program of tax relief.

OFF TO MEETING

After the familiar painting "The First Thanksgiving"

Distribution ► **Too Many In; Too Many Out**

PROBING deeply into the restaurant business in Kansas City, selected as a typical American city, the Department of Commerce has unearthed a condition that will soon demand remedial measures. Kansas City licensed 1,084 restaurants in 1928; during that period, 551 of them, or more than half, either went out of business or changed ownership. From January 1 to August 1 of this year, 549 new ones opened, many of them operated by men who know nothing whatever about the restaurant business.

Such a situation is not unique. A recent survey of twenty cities by the National Restaurant Association, showed that nine out of every ten restaurants go out of business within seven years. The turnover of the Kansas City Restaurant Association has been so high "as to indicate that the restaurant business, as a whole, is not profitable." Seventy-three firms were in the Association in 1925; only thirty-three are still members; the remainder have gone out of business.

Wide World Photo

NEWCOMB CARLTON

President of Western Union Telegraph Company sails for Europe on the Aquitania

Government ► **Depreciation Must Walk A Chalk-line**

THE Bureau of Internal Revenue has a little surprise for industrial taxpayers that will not be as welcome as the $100,000,000 cut in corporation taxes proposed by Mr. Hoover. If there is one thing that is an everlasting plague to all industries it is depreciation accounting. Few of them have attempted to establish a standard based upon accepted principles for calculating average annual depreciation rates on their machinery and equipment. Depreciation accounting practice varies greatly in individual plants. Properly manipulated, the depreciation account may be used to convert loss into profit and profit into loss, depending on whether the report is for stockholders or for Uncle Sam.

Next January or thereabouts the Bureau of Internal Revenue will issue a little bulletin setting forth schedules of depreciation rates for many industries. It will bring down a storm of protest and the Bureau will feel that success at last has crowned its efforts to direct the attention of industry to this problem. For years the Bureau has been wrestling with allowances claimed for depreciation. Some three years ago the Bureau sought the cooperation of trade associations in setting up basic rates of depreciation for their respective industries but the majority either ignored or resisted the Bureau's overtures, or fumbled the job.

Finally the Bureau decided to go out and do the work itself. Its engineers have visited a selected number of plants representative of their industries. Data were obtained from plant engineers and from property accounts. The rates computed thereon will not be binding and no attempt will be made arbitrarily to apply them in auditing the tax returns of individual plants. Admittedly only something to shoot at, no harm will be done, in the Bureau's opinion, if the rates tentatively arrived at are awry. Criticism and suggestion will be invited to the end that basic rates of depreciation under normal conditions may be determined. The bulletin may run through two or three revised editions before this goal is reached but the Bureau felt that it was necessary to start somewhere as industry apparently had no intention to devote to the problem the attention which it demands.

While the Bureau points out that the average rates are not susceptible to application in individual cases, its intention obviously is to draw a straight line through the present maze of depreciation charges claimed by industrial plants in order that tax auditors may have some standard by which to judge whether the figures on the tax returns made by the plants are excessively out of line. The Bureau takes the position that establishment of such a measure of comparison will be of as much benefit to the plants in straightening out their depreciation accounts as to the Government in determining their tax liability.

International Newsreel

EDITOR McCORMICK

Harold F., of the International Harvester McCormicks, will publish a weekly newspaper at Laguna Beach, Calif. He will not live on its profits

Promotion ► **Sir Henri Comes to Make First Speech**

THE weightiest business ambassador afloat is a Dutchman who comes within an inch of being an Englishman, an industrialist who comes within an inch of being a statesman, a knight who comes within an inch of being a duke. He doesn't come often and he doesn't stay long and he doesn't say anything, but when he comes it's news, big news. While he is in town he is closeted daily and nightly with two men, one of whom is his personal representative, one his personal friend and universal adversary. Nobody else sees him, nobody knows him in the street. But to the sensitive eye, he is one of the strangest-looking men in the world. He looks what he is, unique.

P. & A. Photo

HEAVY SUGAR LOBBYIST

Royal D. Meade told Senate Committee he is paid $20,000 a year, with $6,000 for personal expenses, to represent Hawaiian sugar producers in tariff activities. Between January and October he spent $63,646, mostly for publicity

Underwood and Underwood

OIL'S "DUTCH UNCLE"

Sir Henri Deterding will talk like one to the assembled oil men of America

This man is the first one of that long line of great men who governed an empire for prime ministers and Kings and Queens who is a foreigner. Like his predecessors he governs for the good of the empire, not for his personal profit. He is just as loyal as they were, although he is the subject of another sovereign. He is a Dutchman but he is master of the fuel of the King's navy. He is an oil man. His name is Sir Henri Wilhelm Auguste Deterding and he is coming ashore in New York next Wednesday to do something altogether unusual. He is going to make a speech. Then he is going to take the first ship home.

What is he going to say? Confidently may it be asserted that he will say what he thinks. His subject is announced. It is "Common Sense in the Oil Business." It long has been no secret that he thinks our oil men have no common sense. Domestically, they quarrel, endlessly, fruitlessly. They ruin each other by overproducing at home. Then they go to him at London, ask him to curtail his production in Venezuela, entreat him to consent to higher gasoline prices for Europeans, Asiatics, Africans, Australians. He steadfastly refuses. He tells them that when they put their home affairs in order he will work with them to put world affairs in order. His own Royal Dutch subsidiaries in the United States have ever been leaders in the conservation movement. He has always been open to reason about Venezuelan conservation, or conservation in any other oil oasis of the world, from Burma to Peru. But he knows his Yankees. For decades, he remembers, old line Standard companies made the rest of humanity pay for American oil sprees. The bills for grand overproduction orgies were regularly settled by a docile oilless world. But not nowadays. Deterding prevents.

Once a year, at the annual meet-up of the American Petroleum Institute, the Enemy—which is to say Great Britain and the world—sends over a delegate who makes a speech.

This year there are no releases on the annual British speech. Furthermore, there won't be any for the simple reason that the speech has not been written and will not be. The speaker has never spoken before. But the betting from Kettleman Hills to Bayonne is that the Dutchman, as he is affectionately if fearsomely called, will let us have a real one this time.

Sir Henri will not know what he is going to say until after that $22 banquet is eaten at the Hotel Stevens at Chicago. But when he sails on the *Majestic* a few days later, the world's stock of common sense will have been increased.

Distribution ► **Builds Market for Customer and Self**

A SIGNIFICANT trend in food distribution is underlined by the advertising campaign of manufacturers of Crisco shortening to sell bakery cakes to the housewife. Until recently, practically the entire output of Crisco went into the home. Today 90% is sold to bakers.

Seventy-four out of 100 women still bake cakes at home. Although they buy baker's bread, they are not yet convinced of the quality of baker's cakes. The campaign for Crisco is double-edged: to sell the bakery to the housewife; to convince bakers of the potential market opened to them once they have sold the idea of quality to the women. The housewives are being reached through the "get out of the kitchen" appeal.

Steel ► Move to Market Pays Despite Old Rule

THE point where iron met coal most cheaply—two tons of coal to one ton of iron, by the old recipe—has long been assumed to be the focus of economy in the location of steel industries. Anyhow, the big consuming markets for steel have happened to be near the coal. But in recent years the manufacture of steel has begun to move into markets distant from the fuel beds. What of the old economies?

In a few weeks the new mill of the Newton Steel Co. will commence rolling full finished sheets at Monroe, Mich., on the shore of Lake Erie, and shipping them to its customers at Detroit, just 35 miles north. Its coal will come a long way, compared with the coal the Pittsburgh steel district uses. It will bring its sheet bars from Cleveland by water nine months of the year.

But it will be able to ship the finished sheet into the automobile plants much more cheaply than the Ohio steel works. This and other economies, chiefly in production, may increase its competitive advantage to several dollars a ton. And it will be in the center of a market for finished rolled steel products aggregating 2,800,000 tons—the Toledo-Detroit-South Michigan area.

Newton Steel, a young company of young men, has been making automobile and furniture sheet since 1919, in a plant at Newton Falls, Ohio, in the Mahoning Valley. Its capacity there is 200,000 tons. The new works at Monroe will roll 240,000 tons at the outset. Blueprints show a future layout of four blast furnaces, twenty-four open hearths and 200 coke ovens, as needed. The present plant is costing about $6,000,000. It will employ 1,200 to 1,600 men.

When the Newton company and its engineers and contractors, Arthur G. McKee & Co. of Cleveland, began their inquiries for location they found that about 70% of Newton's business centered on Monroe. Other steel works had built or were building in the Detroit district, but none so far had utilized the waterside. Monroe with its three lines of railroad appeared to combine all the advantages of the older mills on the south shore of Lake Erie with that of propinquity to the users of sheet. Monroe was large enough to house all the labor needed, and, though sheet mill operators are not numerous around Detroit, the men could be brought in almost as easily as they had originally been brought to Newton Falls.

Coal would be brought up from the Hocking Valley in Ohio, also via water and rail from Pittsburgh, or the low volatile mines of southern West Virginia. There was a whole lake full of industrial water. Should the plant make its own iron and steel, the limestone was available on the islands and the ore would be intercepted on its way to Toledo. From this point the company could distribute into western Ohio as easily as any Ohio plant could, and it might even, some day, export down the St. Lawrence by water all the way. The site selected was a tract fronting 1,000 feet on the Lake Erie beach and another 3,000 feet on the old 9 foot channel once dug to straighten the River Basin.

As might be expected this steel works borrows ideas from the neighboring automobile industry. With plenty of land to turn around in, 567 acres, the company has built a works in which the material moves in direct and continuous line from one end to the other, no back hauls nor delays, no corners to turn. All scrap and other debris drops through the floor into a basement—this is one of a very few steel works with a basement—and there it is hauled away. The plant is so close to Detroit that little inventory need ever accumulate. The builders plan to depress the automobile and motor truck roads beneath the surface of the yard. There will be no grade crossings. The mill is so constructed that it will be easy to take advantage of any future development in processing.

Edward F. Clark, president of Newton Steel, is 38. A Yale graduate, he went to work in a fabricating plant at Youngstown and then joined Trumbull Steel. In 1917 he organized the Liberty Steel Co. of Warren, specializing in tin plate, and in 1919 he organized the Newton Company. J. H. Fitch, Jr., vice president, is a Princeton graduate. C. B. Pollock is a graduate of W. & J. and came from the American Sheet & Tin Plate Co., subsidiary of United States Steel.

P. & A. Photo

BIGGEST RAIL STOCKHOLDER

Arthur Curtiss James, reputed to own more railroad stocks than any other man in world, testifies before I. C. C. One of his roads, the Western Pacific, wants to build 200-mile connecting line over which Great Northern would enter California

Willys Has a Job

JOHN N. WILLYS is chairman of the Board of Willys-Overland. A line under his picture Nov. 9 said he was no longer with the company. It was one of those blunders which get by, nobody afterward knows how.

Oil ► Cooperation Or Coercion? California Answers

THERE is a doctrine in the oil industry, almost a superstition, that when other things are not so good oil gets better. The theory is, that the oil industry, highly speculative by its very nature, ceases to attract speculative capital at times when speculation has just received a thrashing. Hence, at these dramatic moments, over-production, notorious cause of all oil distress, tends to disappear through the very scarcity of adventurous capital seeking to penetrate the secrets of the earth.

Whatever the merits of this comforting belief in a sort of imminent justice in the relations of petroleum to panic, it does now momentarily appear that conservation, to a certain degree, has gotten under way. To the chuckled satisfaction of the hardened old-timers, it came about in exactly the way which all the better-minded gentlemen of the new school said could not possibly be. That is, it came about quite simply and smoothly in a few days' time through that good old-fashioned brutal method known academically as "coercion" and in the oil fields as "putting the screws on." Still more to the satisfaction and amusement of the veterans, it was a Standard Oil Company, the California one, which came forward to show that it was still in the grand Rockefellerian tradition, that it was still up to putting the screws on just as the elder John D. used so wonderfully to do back in the eighties and nineties.

The facts are few and clear. Conservation, as talked in meetings, failed. California production began racing like a propeller out of water. It shot up to 860,000 barrels a day. The conservation quota was 600,000. Nobody obeyed the new State gas law. Lawyers questioned its constitutionality. Injunctions and counter injunctions flashed from court to field but without avail. On October 21, Standard of California, without so much as the formal bother of an ultimatum, cut its crude oil prices exactly in two. The great companies applauded, tightened their conservation practices, already in force. The countless little fellows, who had jeered the meetings and defied the law, were driven to cover. They knew that Standard could hold out until the last puff of gas shot the final black drop out of Kettleman Hills. So they came round to curtailment programs. In ten days Standard's slaughter of the recalcitrants did what several years of talking and writing had been unable to accomplish. The state's production declined 185,000 barrels a day. It is now around 700,000. Standard and the other big producers, like the Texas Company, for example, propose to put it down to 600,000 and keep it there. Only when its job was well under way did Standard restore the old price levels, which are unprofitable enough.

Oklahoma is falling voluntarily into line, handsomely, quietly, under the California example. Texas hovers about its mark because west Texas production is difficult to stem, so gigantic is the pressure from inside the earth and from inside the minds of Texan owners. But there are signs that the stalwart Texas Railroad Commission will bring the state into line.

In the oil industry there is a rule that, when everything else has failed, it is useful to look up the history of the Standard Oil Company for suggestions.

PROFITABLE "STOCK MARKET" DEAL

Eighteen-year-old Royal Campion of Angus, Minn., who sold his prize yearling for $1,150, gives stock raising pointers to Arthur M. Hyde, Secretary of Agriculture. Royal's yearling won first honors at South St. Paul Junior Livestock Show

Oil ► Record Gusher In Oklahoma Field

THE largest oil well in Oklahoma, and one of the most valuable in the world has just been opened in the Oklahoma City pool. It was allowed to flow but 15 minutes and during that time produced 1000 barrels. This is a rate of 96,000 barrels a day. Wells in West Texas, California and Old Mexico have produced larger flows but of lower quality. This one is not expected to continue flowing at the rate indicated by its first 15 minutes. Even half that rate, or some 50,000 barrels every 24 hours, would still top the Oklahoma record.

Taxation ► Don't Motor To Florida

FLORIDA, Georgia, and South Carolina have 6-cents-a-gallon gasoline taxes, the three highest in the country. Twenty-one states have increased their rates so far this year.

In addition to the three 6-cent states, seven southern states and Montana have 5-cent rates. It is not clear why Montana has such a restrictive rate. California and ten other states tax gasoline users 3 cents a gallon. Most of the northeastern industrial states have 2-cent tax rates.

Times Wide World

ANOTHER DAWES

William E., of Chicago. He is president of Mississippi Valley Association, which demands more and better waterways at St. Louis convention

Finance ► Chicago Exchange Grills Investment Trusts

THE Chicago stock exchange, heretofore quite liberal in its supervision of investment trusts, has tightened up. Questionnaires have gone out. Answers are being awaited with considerable interest.

Twice a year all investment trusts with stocks listed in Chicago must file detailed statements of securities held with values at cost or market, whichever is lower. Not more than 15% are to be accounted for as "miscellaneous securities."

Chicago Corporation, listed February 14, 1929, was the first investment trust on the Chicago exchange; now there are 22, out of 532 listings. Corporation Securities Company and United Management Corporation, listed October 17, were the last entries on the Chicago board.

Trading has been most active in Chicago Corporation, Insull Utility Investment Corporation, Continental Chicago Corporation and Chicago Investors Corporation. Largest number of shares ever traded in in any one security in any one day was in Chicago Corporation, 217,000 one day in August.

Prices in these newcomers, for the most part, declined sharply in the past month. Chicago Corporation, with the "Who's Who" of Chicago finance on its board of directors, fell from a high of 73 to a low of 12½, though it is now a few points healthier. Chicago Investors, organized several years ago, though not listed till this year, dropped from 51 to 7, but has recovered somewhat. Even Continental Chicago Corporation, investment trust of Chicago's only billion dollar bank, which had climbed almost to 100, dropped back into the 60's.

One question being asked Chicago investment trusts by the stock exchange, is this:

"What are the limitations as to investment in any particular company, country, industry or type of security?" Another: "Are such limitations subject to change?"

The sweeping powers given to investment trust managements makes special supervision necessary, the Chicago exchange believes.

"If a company is making an automobile, you can see it," said an exchange official. "It is only fair that what investment trusts are doing be similarly made public. The only way to do it is to publish lists of their holdings."

Distribution ► Tire Dealers Merge Buying

THE National Tire Dealers' Association and the Automobile Tire Dealers of America merged at their Chicago meeting according to schedule. The new organization—the United Tire Stores of America—is to be a co-operative buying agency for 5,000 tire dealers. Five thousand subscription no-par shares will be offered at $100 each. No retail tire dealer not a member of the association will be permitted to purchase through the new corporation.

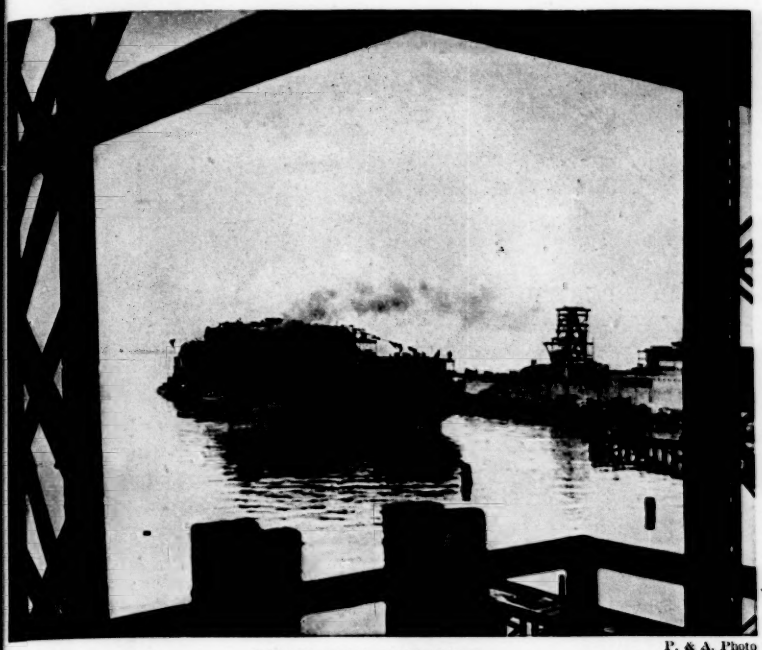
Presumably the affiliated dealers mean to win lower prices or more liberal terms from the manufacturers. Recent reports from all the tire manufacturers, however, are so universally unfavorable that there is scant hope that they could make more favorable quotations than they have been giving.

The corporation might be of great service in stabilizing the tire industry, if it can help the dealers solve merchandising problems and concentrate credit risks for the manufacturers.

Distribution ► Transparent Can, Bouncing Bottle

AMERICAN CAN COMPANY is reported to be aiding Eastman Kodak in the development of an entirely new type of container for food products which may largely displace glass and metal.

The new material is a cellulose compound discovered accidentally by the Eastman laboratories in experimental film work. Although the idea of a cellulose container is not new, this is the first discovery of a product strong enough to stand up under acids and wear. It is said to be nearly as strong as metal, as transparent as glass, and lighter in weight than either of them.



P. & A. Photo

NEW GRACE LINER

Santa Clara, destined for South American service, slides down the ways at Camden. Miss Nora Grace was sponsor

Automotive ► General Motors Moves In France Uncertain

Special Cable to The Business Week

STILL another unconfirmed rumor of the acquisition by General Motors of the French concerns, Citroën and Peugeot, is abroad. Such rumors have cropped up periodically since the German Opel concern was acquired by General Motors.

The latest rumor of the sort was based largely on the transfer of the European headquarters of General Motors from London to Paris. This has been contemplated for some time, however, and, from all indications, is simply to obtain a more centrally located office.

The decline in stock values on the French Bourse is offered as one explanation of the latest rumor. Interests who now find themselves loaded too heavily with stock of the two French concerns are reported to have revived the story in order to permit them to unload at higher levels.

There has recently been a strong buying movement in all French motor securities anticipating a bright future, stimulated by recent alleviation of tax burdens. Distribution of both Citroën and Peugeot stocks is so widespread among French banks and individual stockholders that it would be difficult for General Motors or any other interest to acquire control without publicity being given to their efforts.

The present time is considered inauspicious by many observers for the acquisition of such well-known French concerns by Americans. Since the purchase of Opel and other similar transactions, there has arisen a storm of protest against the Americanization of Europe. There would be considerable popular disapproval of the transfer of Citroën and Peugeot to American control. While General Motors may be considering the step and still may expect to take it eventually, there is much uncertainty whether they have obtained control or are now trying to get it. The fact that General Motors officials refuse comment on the situation indicates that the subject is not entirely strange to them, at least.

Automotive ► Britain May Build Bigger for Export

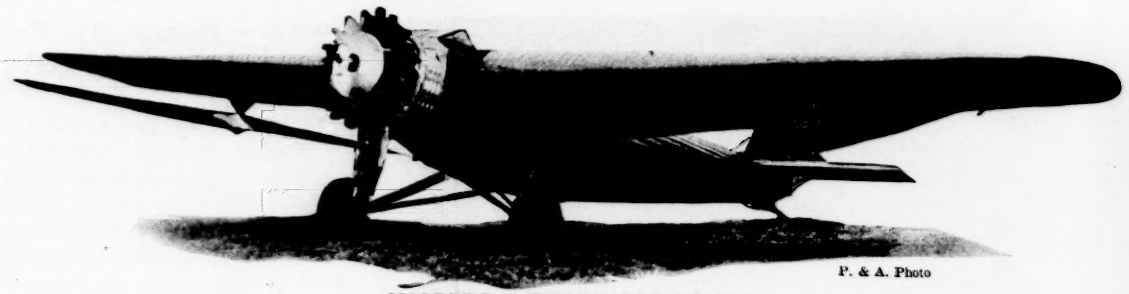
EFFORTS of the British Labor Government to relieve unemployment seem likely to have important effects on American industries. Among the measures being studied by J. H. Thomas, cabinet minister for unemployment, is one to expand the British automobile export trade. There are indications that the American automotive industry may look for more severe competition abroad, particularly in the British Dominions.

Under Dominion preferential tariffs, British automobile manufacturers expected to get a large share of the Dominion markets. During 1928, exports from United States and Canada were twice total British production. Mr. Thomas realizes that a larger share of this ever-growing market for British manufacturers would lessen unemployment over a broad range of industries.

British manufacturers have failed in Dominion markets because the type of cars made necessary by local conditions in the British Isles is not suitable for Dominion use. Great Britain has a high horsepower tax on automobiles. This has popularized light, low-powered cars. Most popular are those with engines rated at 7 horsepower; relatively few are rated at over 20 horsepower.

Colonial conditions require heavier and more powerful cars such as those of American design. Since British manufacturers are economically unable to produce two types of car—one for home use and one for export—they have tried unsuccessfully to exploit their small cars in fields where they are quite unsuitable. Result, American industry has taken a lion's share of the business.

Proposals now before the government include the repeal of the horsepower tax to open up a local market for more powerful cars. Since this will remove the Briton's last objection to American cars, the present McKenna duties will probably be retained, despite the Labor Party's campaign promise to remove them. By developing a home market for the same type of cars as are desired in the Dominions it is hoped that the "Buy British" movement will be greatly expedited and that British-built cars can take what Britishers think is their rightful place in the garages of South Africa, Australia, India and other Dominions.



P. & A. Photo

SHORTER AIRPORT RUNWAYS?

J. C. Johnson, inventor, says they need be no longer than a hundred feet if all airplanes are equipped with his helicopter device. In recent Milwaukee tests his machine, with a nineteen-foot propeller under each wing, took the air after run of seventy-five feet

Promotion ► **Dallas (Not Utopia) Welcomes You**

SEVEN reports containing nothing but facts about Dallas, Texas, and the commercial possibilities of the Southwest, have been published as part of a national advertising campaign being conducted by Industrial Dallas, Inc., a subsidiary of the Industrial Department of the Dallas Chamber of Commerce. Accurate, specific and thorough, the reports promise to set a new standard in chamber of commerce literature; they will be welcomed by business men surfeited by the avalanche of bombastic boastings which often accompany a town's efforts to secure new industries. Distribution of the reports will be confined to executives of concerns definitely interested in obtaining an increased volume of business in the Southwest, or in establishing branches in the territory.

Utilities ► **Natural Gas Reaches St. Louis**

IN A few weeks about 25 major industries in and near St. Louis, at the edge of the vast Southern Illinois coal fields, will be consuming natural gas piped 500 miles from Louisiana. Later this fuel will be made available to additional and smaller industries through a comprehensive distribution system.

The Mississippi River Fuel Co's $30,000,000 pipe line from the Monroe and Richland fields in Louisiana to the St. Louis district will be done this week. Its capacity is 100,000,000 cubic feet a day. First to use it will be steel mills, brick, tile and terra cotta manufacturers, glass plants, cement mills and enameled ware producers. These are industries which find natural gas particularly adaptable to their processes.

Although the gas will displace a large volume of coal, B. C. Comfort, manager of the company, believes the consumption of coal eventually will be increased. The service advantage of gas, rather than merely low cost, is the chief demand factor.

P. & A. Photo

AMERICAN GOLD

Blasé French porters at St. Lazare Station, Paris, handle fifty-six barrels of gold, valued at 75,000,000 francs, shipped from the United States to French banks

Backing the enterprise are Electric Power & Light Corporation, Columbian Carbon Co., Palmer Corporation, United Carbon Co., Moody-Seagraves Co. and Standard Oil Co. of New Jersey.

Northern terminus of the line is Alton, Ill. The question arises whether it may not be carried on to Chicago, less than 300 miles. Officers are noncommittal on this point.

Aviation ► **To Raise Ground Speed at Airports**

OUTPOST of the United States in the southeast is Key West, Florida. Secondary distinction, the first United States airport of entry, designated in December, 1927, was Key West's Beacon Field. Last named of the present 13 air ports-of-entry are the Ford and Grosse Isle fields at Detroit, and the Canadian Gateway at Newport, Vermont. Base for the longest flights to the greatest number of foreign countries is Miami, northern terminal for Pan-American Airways, international air link for 15 Latin American countries.

Members of the Pan-American Commission on Customs Procedure and Port Formalities assembled in Washington this week to discuss uniform airport and customs regulations to expedite international air traffic, planned to avoid at airports from the outset, the maze of conflicting regulations which entangles entry and clearance of shipping at international seaports.

Result: National legislatures will discuss, probably adopt, uniform air customs and traffic laws; air passengers will not lose at airports time saved in travel by air; international commercial transport, in its present difficult experimental period, will be expedited by uniform practice at all landing fields.

Wide World

OIL KING'S ACCOLADE

John D. Rockefeller confers it, by proxy; John T. Sencabaugh receives it—two shiny dimes, double the usual token, in recognition of fifty-nine years oil company service. W. T. Holliday, president, and J. Stewart Harrison, director, Standard Oil of Ohio, present coins on behalf of Mr. Rockefeller. Oil king and oil employee are each ninety years old

Labor ►

Weighs South on Wage And Production Scales

THE American Federation of Labor has decided to conduct a general organizing campaign in the South. President William Green is to give the movement his personal leadership. He says, "There will be no industrial peace in the South until standards of working and living are made decent and human." It looks like a long battle.

Mr. Green's suggestion that Southern wage standards are below those generally adopted in the United States seems amply corroborated. The 1927 census of manufacturers puts the average annual wage of all workers in manufacturing plants in the country at $1300. It shows 21 states in which the average annual wage was equal to or greater than the country average. Among these 21, West Virginia is the only Southern state represented.

There are 14 Southern states among the 17 with lowest average wages. The last 10 states in the list are all Southern. Virginia tops the 10 with an average annual wage of $970. Then follow in descending order Louisiana, Florida, Tennessee, Alabama, Arkansas, Mississippi, North Carolina, Georgia and South Carolina. President Green may contrast wage figures for the last three—$770, $700 and $680 respectively—with those for another trio of states—Michigan, $1560, New York, $1500, Illinois, $1470.

These figures, which according to available information, apply equally well to the present, support the "cheap labor" argument with which the South has been attracting new industries. Inference from this argument has been that cheap labor means low manufacturing costs. For manufacturing executives who accept the inference a further study of the census data provides interesting information.

An important criterion of the efficiency of labor—or of the efficiency of management in its application of labor—is the value of products produced per worker. Industries vary as to the amount of actual labor which must be employed in opposition to mechanized operations. By and large, however, value of product per worker—or better still, according to the Alford-Hannum KMH method, value of product per man hours worked—is a fair indication of the effectiveness of management, men and machines.

During 1927 the average value of product per wage earner was $7500. Individual states ranged from $16,000 in Nebraska to $3300 in South Carolina—again at the bottom of the list. Comparison of this index with average annual wage data shows that, with few exceptions, high wages produce outputs of correspondingly high values.

Among the 21 states which pay more than the nation-wide average wage there are but four in which value of product per worker is not above average. These states are Washington, Idaho, Pennsylvania and West Virginia.

Among the 29 states which pay less than the average wage there are nine in which value of products per worker is above average. Of the remaining 20 states, 11 are in the South. In these states low wages and low productivity go hand in hand. Incidentally, all 6 New England states are included in this latter category. Within recent years, at least, there has been a tendency among manufacturers in that region to attempt solution of all management problems by wage reductions. Low productivity has been the normal result.

Another index of management efficiency is amount of product produced by each dollar expended in wages. Throughout the United States in 1927 the average plant obtained $5.80 worth of product for each dollar of wages. Plants in 27 states got more than average value for wage expenditures; 22 states received less than average value.

In this comparison Southern states show up better. They are equally divided above and below average. Missouri, Texas, Maryland, Virginia, Louisiana, Tennessee, and North Carolina obtained better than average returns from wages paid. West Virginia, Kentucky, Florida, Alabama, Arkansas, Mississippi, Georgia and South Carolina received less than average returns.

Incidentally, again, each of the New England states failed to receive average returns from wages paid.

Finance ► **What Is the Fate Of Christmas Savings**

BANKS throughout the country soon will pay millions of dollars to Christmas savings depositors. Those of the faithful who have kept up their $1 or $5 or $10 a week will be rewarded with a tidy sum with which to do their shopping. Hundreds always fall by the wayside in the first few weeks, yet the accounts now show about $600,000,000. Quite a stimulus to Christmas business, as it is 10% larger than ever before—if it's to go into trade.

There's the catch. Because of stock market losses and decreased employment, more of the funds will be held unspent this year than ever before. Already there have been some withdrawals, particularly because of the stock market, but these have been fairly small, banks report. The average Christmas savings account is $59.50 this year, slightly higher than last year, but hardly enough to be of much help to a wornout margin. That, coupled with the halo of Christmas, has largely saved these funds.

The $600,000,000 will be paid out to about 9,000,000 individuals.

The Christmas savings "clubs", as they usually are called, are coming to play an increasingly important part in holiday business. This year, as stated, the total is about 10% larger, and about 10% more people have the accounts.

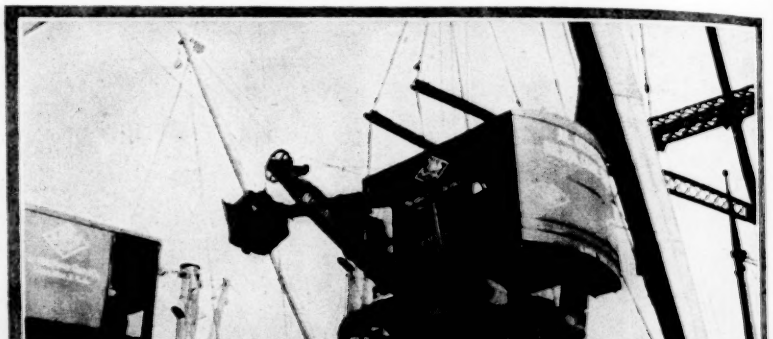
Approximately 8,000 banks, or nearly one-third of all banking institutions, had Christmas accounts this year. Next year more banks will do such business, and more people have such accounts.

▼

BRITISH business pays new respect to air travel facilities with the announcement that a committee from venerated Lloyd's Register of Shipping will hereafter supervise the inspection of Britain's light aircraft.

Distribution ► **Postpone Consent Decree Hearing**

POSTPONEMENT until December 19 of hearings on the petitions of Swift & Company and Armour & Company for modification of the packers' consent decree has been granted by Justice Stafford of the Supreme Court of the District of Columbia. The Government is granted a like extension of time in which to file answer to the petition in which the meat packing companies represent that changes in distribution methods justify permission to engage in retailing meat and handling other food products, enjoined by the decree in 1920.



MECHANICAL HERCULES

One hundred-ton floating derrick lifts largest gasoline-powered shovel from lighter to deck of steamer Cristobal, in New York harbor. First time in history that such a machine has been loaded without being dismantled. The shovel will dig at new airport, Balboa, Canal Zone

Distribution ► **Chain Sales Grow Faster than Chains**

ECONOMISTS "taking stock" to measure the damage done by the Wall Street drop find no signs of weakness among chain store figures for October and for 1929 through October.

E. C. Sams, president of J. C. Penney Co., says his reports show increased buying by the public. Of those 900 Penney stores which were in operation throughout 1928 and to date in 1929, 600 lost in September sales while 300 gained; in October just the reverse took place—300 lost while 600 gained.

McLellan reported a 35.8% increase in sales against a 30.7% increase in number of stores. G. C. Murphy showed 36% sales increase, only 25% more stores.

McCrory and S. H. Kress also reported larger increases in sales than in numbers of stores.

Three chains let sales increases run behind store increases but the differences were too small to have significance.

Distribution ► **Grocers Plan Warehouse Chain**

THE grocery manufacturers of the country are establishing a chain of central warehouses in the principal cities. The operation of these central distribution points will be directed by the Association. A grocer will be able to send a truck to the warehouse and load everything needed for a delivery to a retail store. Collection of grocery items will not entail a trip to widely scattered warehouses for different items as is the case today in most cities.

The manufacturers, in short, are cooperating to do one of the supposed functions of the wholesalers—the collection of all kinds of grocery items in bulk lots at a single point for delivery in small or broken lots to the retailers. Thus the wholesalers lose another function by default. The retailers once more will get the service for which they looked to their wholesalers, but it will be supplied by the manufacturers direct.

The announcement of the plan was made at the annual convention of the Associated Grocery Manufacturers of America, in Washington.

Export ► **Tardieu for Tariff Reprisals**

THE Tardieu Cabinet considers the Franco-American trade situation one of its major problems. "If Congress adopts the tariff bill now before it," said M. Flandin, new Minister of Commerce, this week, "commercial relations between our countries will be rendered very difficult; without hostility, I may assert that we shall be compelled to protect France's commerce to the same degree that other nations protect theirs." He added that this would mean also that France might be forced to encourage purchase from other sources of raw materials now obtained from America. The Minister declared that he would welcome the suggestion of a personal conference with the Secretary of Commerce Lamont with a view to reaching an understanding.

The new administration is favorable to the development of American capital in France, according to M. Flandin, provided it allows for French collaboration. The Tardieu policy is to be protection and reciprocity, but in behalf of efficient progressive industries only and through encouragement of collaboration among competitors rather than by increased protectionism. However, says the Minister, if other nations raise their tariff walls, France will follow suit—as it will if others lower the barriers.

Distribution ► **Farm Board Hedges on Loan**

THE Cleveland milk war between the dairy farmers' co-operative and the National Dairy Products Company is still on, milk is selling at 11¢ a quart and the Federal Farm Board has hedged on its loan to the co-operative. With $50,000 already paid over, the Board is withholding the remaining $250,000 pending: (1) A vote of the members of the co-operative favoring the retail distribution venture which the loan was to finance; (2) the establishment of a reserve fund to be raised out of farmers' milk checks at the rate of about 24¢ a hundred pounds; (3) an agreement by the co-operative to repay the entire $400,000 in ten years in instalments of $40,000 a year. Other conditions may be added.

Export ► Knocking Shackles From Pan-American Trade

THE right hand of fellowship that Pan-American nations have been holding out has a fountain pen in it this week and is ready to write a good-will document of tremendous importance to every exporter in the Americas. A Pan-American Commission has met at Washington to suggest ways and means to a greater uniformity in collecting customs duties and charges, to a consolidation of customs charges, to removal of causes of delays in handling shipments at national ports, to providing better port and terminal facilities.

A commodity shipped from the United States today is dutiable on the basis of gross weight, gross weight less tare, net weight, by the piece, by unit of length, surface or volume or value according to which Latin American country—or even which port—it enters. Familiarity with all these requirements is the achievement of a lifetime.

Some proposals are: simplification of units upon which customs duties are levied; consolidation of customs charges, establishment in each country of a central authority to determine a uniform classification of merchandise for assessment of duties at all ports; a central customs court to rule upon appeals from official decisions. Plans for financing, construction, enlargement, management of port facilities will be studied in the light of trade expansion to follow this application of simplified practice on an international scale.

Exporters here foresee a leap in trade with Latin America; so do those in Latin America who find their best market here. Secretary Stimson points to diplomatic values in the elimination of international bad feelings due to petty exactions, annoying customs requirements.

Wide World Photo

MARSHALL FIELD

Not often photographed is the bearer of one of the best known names in American business

Finance ► **Sugar-Coated Literature**

GORDON S. RENTSCHLER, president of the National City Bank of New York, told the Senate committee about his bank's Cuban Sugar holdings and its "propaganda" for a lower sugar tariff this week. The holdings were said to be worth about $35,000,000, but a change in sugar rates might lower that figure.

The bank's "monthly letter" is used to spread its ideas on the tariff. Congressmen substitute "propaganda" for "ideas." The cost of this bulletin was placed at about $200,000 annually. It is one of the most highly reputed of economic and financial publications, and has a free circulation of 300,000. All members of Congress receive copies.

The National City became interested in Cuba in 1921, when it took over about 325,000 acres of land, mills, plants, etc., covered by $35,000,000 in bad loans.

Swift Survey of Business Abroad

In cooperation with Bureau of Foreign and Domestic Commerce

EUROPE—Despite the return to normal business in most centers, industrial Europe is nervous about the trade outlook. American consumption, especially in the luxury products, is expected to be curtailed Price-maintenance plans for rubber, tin, and sugar are again weakened. Krupp's, in Germany, reflects steel curtailment with production cut of 1,000 tons a week, throwing 1,000 workers out of employment. Cut in bank rate imminent in several countries.

Great Britain—Government is ready to introduce bill for 7½-hour day in coal mining industry, gradual state acquisition of mining royalties, regulation of output and sale on lines proposed in coal owners' marketing scheme, and formation of district committees representing owners, miners and consumers, with independent chairman to watch operation of marketing schemes and report infractions to Board of Trade. Wage question resulting from proposed reduction in working hours probably will not be dealt with in legislative program. (Radio)

France—Satisfactory industrial conditions continue. Iron and steel, automotives and shipping still hesitant despite confidence in first moves of Tardieu government. Situation of leading coal companies unusually favorable, profits high, orders numerous, but tardiness and difficulty of deliveries aggravated by scarcity of empty freight cars and barges. Labor shortage stimulates industrial modernization. (Radio)

By Special Cable to The Business Week

Germany—Communal elections disclose a trend toward wider division of opposite political extremes and make the Hugenberg plebiscite impossible of success. New line-up makes a majority opposed to certain Hilferding policies, notably expansion of social insurance.

By Special Cable to The Business Week

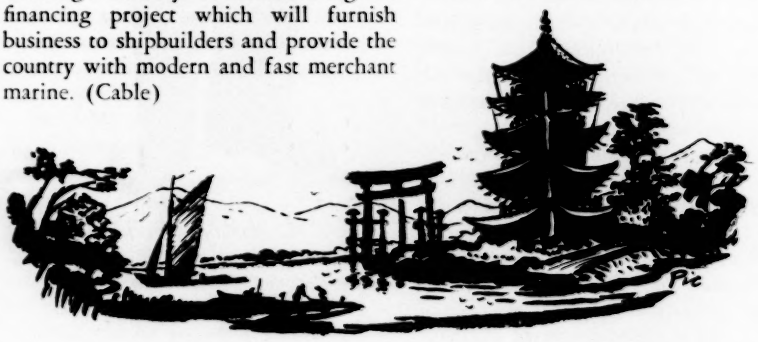
Belgium—Probable eleventh hour compromise on the bilingual issue averts government crisis. Repeal of income surtaxes is foreseen. Difficulties of the Banque Bruxelles, due to Congo and wheat trust commitments, are overcome, making rumors of collapse or fusion with Société General groundless. Industry is fully active but in need of new financing resources. Loss to Brussels of the location of the International Bank is blamed to personal animosity between Dr. Schacht and M. Frerqui, but it is doubted if this issue will be a serious obstacle at the coming Hague conference.

Yugo-Slavia—Agricultural situation benefited by generous grants of credit to farmers through recently founded Privileged Agricultural Bank, Belgrade. British, German, French, and Swiss financiers jointly endeavoring to obtain a concession from Belgrade government for erection of grain elevators in a number of Yugo-Slav cities. For this purpose the consortium proposes to invest about $90,000,000. Difficulties encountered by the Ford Motor Works with Italian authorities regarding customs questions are responsible for the report that the Ford company will transfer its works and depots from Trieste to Yugo-Slavia, probably to Split.

Netherlands—Royal Dutch Lloyd and North German Lloyd negotiations for mutual regulation for their South American lines, and fusion of large jewelry firm with German interests, exemplify tendency towards amalgamation and elimination of unnecessary competition. (Cable)

FAR EAST

Japan—Preparations for removal of gold embargo indicate that move may come early in the new year. Cotton spinning is curtailed due to recent heavy production and dull domestic and export markets. Government aid to the shipbuilding industry is forthcoming in financing project which will furnish business to shipbuilders and provide the country with modern and fast merchant marine. (Cable)



China—Market condition in Shanghai and lower Yangtze area shows scattered signs of improvement with depleted stocks forcing orders in some lines, but wide curtailment and retrenchment continues to prevail. Transportation in the interior is still tied up. Business in the Canton area is generally better. New consolidated 32½% tax on tobacco replaced 50% tax November 1. Removal of embargo releases flood of cereals from North Manchuria. (Radio)

Australia—State threatens to open some mines with volunteer labor as coal deadlock continues. Queensland petroleum bill permitting unrestricted participation by foreign capital has passed second reading. Dumping duty assessed against American glucose. (Radio)

LATIN AMERICA

Mexico—Business, dull during elections, is picking up. Election of Ortez Rubio intimates general continuation of policy and much of personnel of the present Government. (Radio)

Argentina—General commercial situation is one of suspended animation. Railway employees, asking higher wages and better working conditions, have caused temporary tie-ups of rail schedules. General labor situation still uneasy. Wheat yields are lowered by black rust, and cause world markets to react to higher prices. (Cable)

Colombia—Adjournment of Congress before acting on petroleum bill ends prospects for the development of oil fields by foreign companies unhampered by numerous obstructive regulations, and under fair conditions. New action postponed until 1931. (Cable)

What the Figures Show

THE latest weekly business records show a remarkable resistance to recession. The expectations of an accelerated decline in industrial and trade activity as a result of the stock market crash are apparently not being realized. In fact, the speed of the recession appears to be diminishing, if account is taken of the normal seasonal influences which are reflected in business records at this time of the year.

Steel ingot production for the industry as a whole declined somewhat further for the week, from 73% to 71% of capacity as compared with 81% a year ago at this time. The Steel Corporation is down to 73% as compared with 75% the preceding week, while independents are operating at 70% as against 72% a week before. These figures are not bad for this time of the year, and their reduction from last year is explainable wholly by the sharp reduction in automobile demand and by the somewhat sharper seasonal decline in steel activity this year because of the bulge which took place in the early months of the year.

General steel demand outside the automobile field is astonishingly good. Railroad demand is heavy and will probably be heavier as a result of speeding up of railroad development plans through President Hoover's conferences. Structural steel demand is also better for this season than in most recent years. Structural steel fabricators in October were operating at 89% of capacity, much above the September level. Farm implement manufacturers are as active as a year ago. Iron and steel prices, however, are being shaded somewhat to stimulate business.

FIGURES OF THE WEEK

(Compiled with the co-operation of the Survey of Current Business)

PRODUCTION	Latest Week	Preceding Week	Year Ago
Steel Mill Operation (% capacity)	71	73	81
Building Contracts (F. W. Dodge, daily average in thousands)	$10,754	$14,275	$13,661
Bituminous Coal (daily average, 1,000 tons)	1,846	1,844	1,758
Petroleum (daily average, 1,000 bbls.)	2,620	2,631	2,491
TRADE			
Car Loadings (daily average all classes, 1,000 cars)	175	179	176
Check Payments (outside N.Y. City, millions)	$ 6,559	$ 7,658	$ 5,840
Wheat Receipts (1,000 bushels)	5,952	7,075	9,283
Cotton Receipts (1,000 bales)	688	706	640
Cattle and Calves Receipts (1,000 head)	388	414	280
Hog Receipts (1,000 head)	561	469	479
Wool Receipts (1,000 lbs.)	4,129	2,331	932
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.13	$ 1.18	$ 1.13
Cotton (middling, New York, lb.)	$ .173	$ .175	$ .197
Iron and Steel (composite, ton)	$35.97	$36.09	$36.19
Copper (electrolytic, lb.)	$ .178	$ .178	$ .158
All Commodities (Fisher's index, 1926-100)	92.6	93.3	97.7
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$18,115	$18,489	$15,990
Commercial Loans, Federal Reserve member banks (millions)	$ 9,746	$ 9,743	$ 9,043
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 3,587	$ 4,172	$ 5,157
Federal Reserve System Ratio	71.2	69.5	68.4
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	27,491	22,516	31,061
Stock Prices (N.Y. Times, average 50 stocks)	$179.69	$202.37	$218.59
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$82,213	$70,623	$58,313
Bond Prices (Dow, Jones, average 40 bonds)	$ 92.46	$ 93.25	$ 96.95
Interest Rates—Call Loans (daily average)	5⅞%	6%	6¼%
Interest Rates—Time Loans (daily average)	6%	6%	7%
Business Failures (Dun, number)	404	402	440

GENERAL building contract awards continue to decline for the week but are not seriously below last year's level. Proposed work is on the increase. Heavy construction contract awards declined slightly for the week ending November 21 to about $63,000,000 but were above the same week last year.

The final figures for production of cars and trucks in the United States and Canada in October, 394, 465, were 8% below the September figure and only 5% under last year. The Canadian production and the production of trucks increased for the month.

Bituminous coal production is holding a steady rate, above last year's level. Petroleum production declined slightly for the week but is still running above a year ago.

THE decline in commodity prices continues, with no definite signs of slowing down, except to some degree in wheat and cotton. On the average for the week both were somewhat lower than in the preceding week, and the wheat average was at the level of last year for the first time in many months, while cotton is still markedly below last year's figure. There has been some strengthening in both these commodities in the last few days, but it is clear that they are being sustained only by the influences of Farm Board credit and marketing plans, and the demand factor in the prospective price is still problematical. The Department of Agriculture expects an increase of 25 cents per bushel in wheat before the end of the year, and this is fairly probable. The iron and steel composite is down to the lowest since last November, but copper is unchanged despite the increasing slackness of demand. The general price index dropped further for the week and is about 6% below last year's level. There should be an uptu.n in commodity prices before the end of the year.

CAR loading figures for the latest week are distinctly encouraging. The total declined, quite as usual in this season, but the figures are holding up better than in past years. The daily average for all classes is about at last year's level, and it is especially significant that the loadings of miscellaneous freight and less than carload lot merchandise for the week were considerably above the same week in 1928.

The movement of agricultural products to market is generally above last year's level at this time, except in the case of wheat.

The general money turnover as measured by check payments outside New York City gives some indication of declining trade. The figures fell below the preceding week but are still substantially above last year's level.

The level of commercial loans is steady and higher than a year ago.

The number of business failures for the week remained steady and below last year's level.

Money and the Market

STOCK prices moved sharply upward on a revival movement directed at general business but having a strong influence on market quotations. There was some faltering but the revivalists swept on to substantial gains for the week.

The Hoover business conference program was the leading favorable factor. Statements from leading industrial and business conferees generated confidence, as they were intended to do. Wall Street has strong faith in the President, Secretary Mellon and the leaders who have met this week.

Continued easing in money rates must rank second among favorable influences. Call money was at 4½% to 5½% officially; there were offerings at much lower rates in the outside market with few takers. Acceptance rates were again reduced; commercial paper again eased. A general reduction in rates charged borrowers on Chicago banks was the first emphatic manifestation of the trend outside of New York.

Assurance that money would continue easier came from the Federal Reserve system and the other side of the Atlantic. The Bank of England again reduced its rate ½% on Thursday, coming down to 5½% and making possible similar reductions in other countries. The Boston Federal Reserve bank followed New York's reduction to a 4½% discount rate, adding promise of a general decrease to that level. From Washington, where the Federal Advisory Council met with the Reserve Board and the President, came strong intimations of a general lowering of rates.

The Stock Exchange got back to a normal trading volume as predicted in this column last week—another indication that the wave of hysteria and panic has rolled over. J. P. Morgan returned from abroad and was widely reported to be optimistic. Ending of the special session of Congress was a general relief.

The New York Stock Exchange report for October 31 showed a reduction below September values of listed stocks amounting to $15,320,979,515, bringing the total to $71,752,650,908. The ratio of borrowings of all members to the total listed value of stocks dropped sharply to 8.51% from the abnormally high figure of 9.82% at the end of September.

Brokers' loans declined precipitately again by $585,000,000 to a total of $3,587,000,000, the lowest since November, 1927. The total reduction in four weeks has been $3,047,000,000, wiping out the increases of two years. All three classes of lenders helped to chop down these loans.

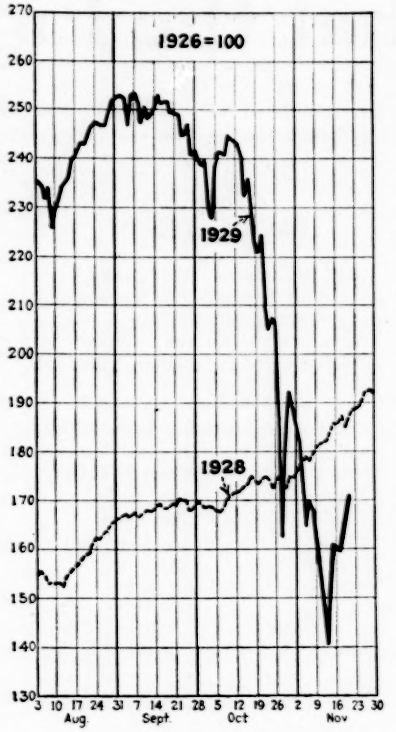
The only unfavorable financial event of importance was the failure of a stock exchange house, the first in the present crisis. It was an out-of-town institution, however, and notice of its insolvency produced no effect.

The market may be receiving too much favorable news for its own good. At least the question will be raised. The present sharp rise in quotations is none too favorable a sign. In efforts to stimulate business, leaders are crowding the market upward. There may be no alternative and the good may overbalance the bad. Speculation, so long fought, is re-receiving tremendous encouragement at present.

The nation lost almost $17,000,000 of gold in the week, $11,212,000 exported, mostly to Poland, Switzerland and France—and $8,010,000 in earmark. Discounts at the Federal Reserve system dropped $72,000,000 to $899,558,000. Bill holdings of the system dropped off slightly; government holdings were up a little.

THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)



Some Facts For Forecasters

THE only honest basis for forecasting is in conscientious and careful hindcasting. It is always best to start with the assumption that what has happened before in business will probably happen again in about the same way. No one can say precisely what the course of business in the future will be, because no one can be sure of all the factors that will affect it, or allow for them accurately in advance. But the influence of such accidental factors upon the vast total of business activity in a country like the United States is relatively small compared with the inherent momentum of growth. The larger a body the more slowly it moves under the same forces, and the way it has moved in the past under influences making for change is a good guide to future movements under similar influences.

WE have had three business recessions since the war, one amounting to a major depression in 1920-21, a marked recession in 1924, and a minor slackening in 1927—at approximately three-year intervals, each of successively less severity.

Each of these movements was preceded by a few months with a slump in financial activity, as measured by new security issues, stock sales and grain and cotton future trading. Such activity fluctuates more widely than any other business. In July and August of this year it was about 90% above normal, as measured by the indexes of the Federal Reserve Bank of New York. It has never fallen more than 20% below normal since the war except in March, 1921.

In each of these recessions general productive activity, as measured by manufacturing, mineral and agricultural output, building construction and employment, has shown the next greatest fluctuation, falling earlier and farther and rising sooner and higher than any other measure of business except financial activity. But since the war these movements have never been very wide. The highest was about 16% above normal in January, 1920, the lowest 23% below for one month, February, in 1921. In 1924, it fell, at the worst, no more than 7% below the normal line in June; and in 1927 was below normal by only 1% in one month, November. The average for 1921 was only 15% below normal; for 1924, 3% above; and for 1927, 5% above.

PRIMARY distribution, as measured by carloadings, wholesale trade and foreign trade, has fluctuated even less widely in these recession years, in 1921 reaching only 10% below normal in September; in 1924, 5% in June and July. In 1927 it was above normal throughout the year except in December when it fell 6% below. The average for 1921 was only 3% below normal; for 1924, 1% above; for 1927, 3% above.

Distribution to the consumer, as measured by retail trade advertising, life insurance sales, is steadiest of all. It has fallen no more than 8% below normal in any month in the past ten years—once in December, 1920. The average for the depression year 1921 was only 3% below; in 1924 it was 1% above; in 1927, 4% above.

The New York Federal Reserve Bank combines these and other measures of general business, such as postal receipts, telephone and telegraph business, power production, incorporations, real estate transfers and check payments in and outside of New York, into an index of the total volume of trade for the country as a whole. At no time in the past ten years has this index fallen more than 9% below normal—except in two months, February and March, 1921. The average for 1921 was 8% below; for 1924, 2% above; for 1927, 7% above. Even at the peaks of business activity it has not risen more than 12% above normal.

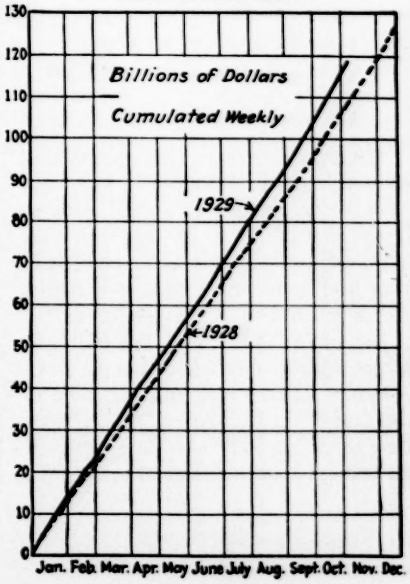
If the measures of primary distribution and distribution to the consumer are combined with the general business indicators, and financial activity excluded, the fluctuations in general trade in recession periods are even smaller still. They have never been more than 7% below or 10% above normal in the past decade. In 1921 this measure of general trade averaged only 4% below normal; in 1924, 1% above; in 1927, 4% above.

Thus, while production and financial activity change relatively widely and rapidly, general trade in this country through three successive periods of expansion and recession in the past ten years has fluctuated relatively little from its line of normal growth.

THE best single measure of the general and fundamental business movement from week to week is in the value of the checks drawn and cashed by banks in the Reserve system. If we exclude New York, Boston, Philadelphia, Cleveland, Pittsburgh, Chicago, Detroit, St. Louis, San Francisco and Los Angeles, where check payments have been influenced largely by stock exchange and speculative activity in recent years, the remaining 131 cities covered by the weekly reports to the Federal Reserve Board reflect pretty accurately the general trade turnover.

As shown in the chart on this page, this aggregate of general business has been added to steadily week by week this year as last, but at a somewhat greater rate, corresponding to the normal increase in the volume of business from year to year. In no year save 1921 did this total fall below the preceding year, and it is not likely that it will in 1930, though the gain over 1929 may be less than that of 1929 over 1928. So far this year, general business measured this way has run 8.7% above last year. In no week so far since stock prices reached their peak on September 7 has the total of bank debits outside the speculative centers fallen below last year's corresponding figures.

CHECK PAYMENTS IN 131 CITIES
(Federal Reserve Board)



"Off 7%"

A Drama of Business

The Characters

JAMES ——, *Manufacturer of Cotton Textiles.*
WILLIAM ——, *Building Contractor.*
GEORGE ——, *Statistician.*
PROFESSOR ——, *of the University Business School.*
ARTHUR ——, *Tannery Owner and Operator.*
HARRY ——, *Producer and Distributor of Food Products.*
FRED ——, *Maker of Hardware Supplies.*
JEFFERY ——, *Maker of a well known Household Article.*
ALBERT ——, *of "The Business Week."*
Time—1 P.M.—2 P.M. of the current week.
Place—Private room of a club in a metropolitan eastern city.

Being a wholly true report, with thinly disguised names, of a luncheon-meeting of representatives of various large and small industries totalling several hundred millions of capital, for discussing the effect of the stock slump upon their Production and Distribution. Instead of waiting for the usual preliminaries as to last week's golf or next Saturday's football, the action starts the moment chairs are taken.

Arthur, Tanner: "Of course, George, your various graphs and curves persuaded you several weeks ago to sell at the right time. But what are they telling you about the immediate future of my business, for instance?"

George: "Unfortunately, Arthur, they aren't much more informing now than a few weeks ago—when they certainly failed to make me sell. You see there were so many strange new factors in the equation!"

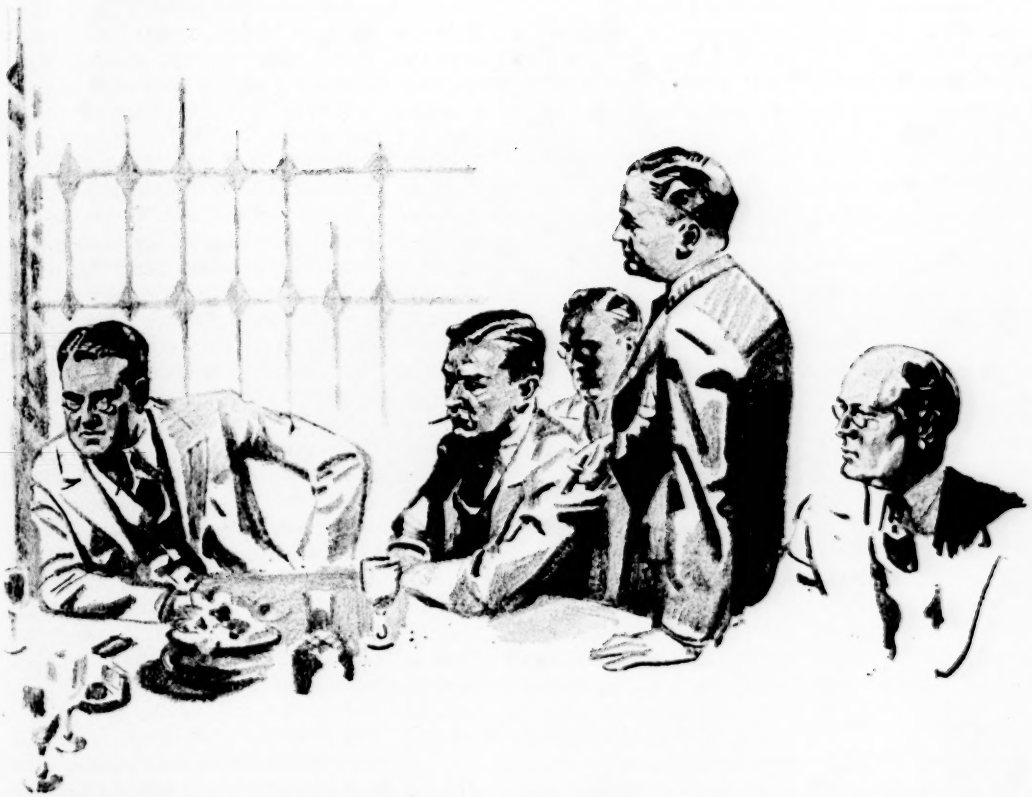
Professor: "Exactly! Don't be too hard on him, Arthur! What we've had—and what we've got—is an animal with so many strange kinds of legs and tails 'n everything that these statistical fellows who deal with what's been seen before are as much lost as the rest of us."

Jim, of Textiles: "Well, I'm willing to forget what Eddie Cantor calls the B. C. —Before Crash—Age, and get down to the days of A. D.—After Drop, if only George or anybody else here will tell me enough about the animal to help me with the meeting I just left—it takes up again at two-fifteen—on our Profit and Loss Budget for 1930."

Jeffery: "I'm not an economist, but I'm willing to pass along the answer my organization's economists gave me today, after ten days of studying exactly that question."

All: "Fine! Let's have it!"

Jeffery: "The animal resembles, so they tell me, most of all the so-called 'Rich Man's Panic' of 1903. That brought, these economists say, a slow-



down of about 7% from the speed of the preceding six months—7% instead of the 35% which some of the very biggest jolts have meant from top-level business and industry to low."

All: "So-o! Only seven, eh? Well, what are you going to do about it?"

Jeffery: "We're getting ready for, not a 7, but a 5% slow-down from last summer's tempo—with each of us nursing, I think, a secret hope that the Christmas trade—that's a big item in our line—may possibly hold off the drop until after the holidays and even then get through with the 5% in, say, six months."

Arthur: "Gad, but some people do have all the luck! So far from looking forward to any Christmas trade, we raw material fellows probably have to face a cut in inventories of considerably more than your 5%. Not that prices have already fallen. They haven't—but people seem to be holding their breath."

George: "Uncertainty—that may be the 'word of the month,' but at least it looks as though one of the strange features is that this uncertainty is affecting practically every field of business very differently."

William, Contractor: "I'll say so! This very morning I came in to my office mighty blue—in spite of President Hoover's trying to stir up the animals, particularly in my line—$360,000,000 was the headlines' figure. But, bing! Along came a chap who wanted—actually—to go ahead figuring on a contract running into hundreds of thousands—and, by George, I've just come from his office with the contract signed, sealed and delivered—here in my pocket!"

Fred: "I'm just crazy enough to be anticipating much the same thing. The biggest factor in our business is the oil industry. I don't believe they're going to be jolted much by the slump. For the last year or so they've been buying a lot of material, but mostly for reducing operating costs—as a sort of antidote against over-production. Well, last spring they had in contemplation several thousand miles of pipe lines—with the start held back because money was earning too much on Wall Street. Now chances are at least fair that ordinary work such as those pipe lines may begin again—with our plants going at something like normal. That only means, of course, that we, like most other industries, stand to benefit from the vastly important fact that the hand-to-mouth buying of this present-day means low stocks and inventories all 'round."

Harry, of Foods: "As long as people have to eat, we can't see much slackening in *our* line—and we're mighty happy that our particular product represents big nutrition value per buyer's—and eater's—dollar!"

"Off 7%"—A Drama of Business

Professor: "But how about the Chain Stores that are, doubtless, handling much of your stuff? If people cannot get credit there, will they not return to the old independent grocer and ask him to carry them—just as in the old B. C. days—I mean 'Before Chains?'"

The Statistician: "A chain dealer told me yesterday that in poor times they lose some trade to the credit-givers. On the other hand, he said, they gain certain upper-class trade which becomes suddenly more thrifty and careful—with a net loss less than expected."

Professor: "I suppose that's why instalment buying will not complicate the situation as much as expected. As I see it, the independent merchant has always made *credit*-buying more common than generally supposed."

James, of Textiles: "Right here I want to say—and you can all jump on me if you like—that a lot of these newer instalment, or those older credit, purchasers have been created by our much abused friend, the Volstead Act! Even if our white-collared friends are drinking more than B. P.—Before Prohibition, the great mass of buyers—and that means the workers—have been getting autos and radios—and, yes, stocks—with money they used to hand over to the bar-keep."

All: "Let's not start arguing THAT!"

Fred: "But isn't the newest and most important part of this situation the fact that every single manufacturer here in America stands today 'sold' to the importance of not only keeping his workers on the job, but also of paying them as well as possible—all in order to keep mass production going properly?"

The Professor: "Over in Europe, I feel sure, any group of business men coming together as we have come today, would not take long to agree to cut wages and lessen employment. In fact, it's less than ten years since even we here would at least have discussed that identical possibility."

Harry, of Food Products: "If we've made history in that respect, isn't the total number of employed during, say, the next six months, likely to be helped by the way so many employers have got into splendid cash position?"

Statistics George: "Yes, that's one of the reasons why money is so much easier than at similar crises. But, on the other hand, how about this? In the old days, an employer could cut down expenses by laying off a dozen or score of men, but today their job may be done by one machine—one so specifically designed that it can do only one particular thing, so that he can neither change it to another job—as he could the men—or by any other method get away from its overhead during every minute it stands idle. Now—"

Hardware Fred: "But doesn't that mean that I'll do more to keep on employing that machine—and the men that run it—than I would have in the old days? Even if I have to run the plant at a loss, I'll lose less money—thanks to those expensive but unfireable machines —than if I send everybody away and close up the place."

Professor: "Perhaps that's why—in addition to low inventories and cheap money—I've been able to find, these last few days, so few employers who are willing to say that the stock slump has closed them down. Even some of the furs and limousines people have been praying harder for cold weather than for anything else! Others, every year, suffer a decline at just this season. Of course some have been operating on such prodigious and extraordinary production schedules in a notoriously overplanted industry (radio) that they could hardly have hoped to keep it up thruout the entire year."

Contractor William: "It is funny there are so few lay-offs—and so many contracts like that this morning. Maybe it's our big foreign trade that's helping."

Harry: "Or the expected reduction of our taxes."

Jeffery: "Or, that Style—the job of keeping up with the Joneses—has now got such control over us all—with so many former luxuries now become necessities—that a 'Luxury Slump' doesn't get under our economic skin the way it used to.—Haven't you textile fellows, by the way, hired the Paris dressmakers to pull your chestnuts out of the fire by pulling down our wives' and daughters' skirts?"

James: "I'm afraid it didn't come about that way. But I do believe that you've all overlooked one big new item. That's the spirit of team-work which you fellows have shown today and which I believe marks every part of the whole American public—rich and poor, capital and labor, employer and employee. We all seem to understand better than before that no one of us can be well off without the rest of the crowd well off, too—and further, we are headed up by a President who seems to think the situation will be helped less by political hot air than by signatures to building contracts.

"Of course (rising) we'd all know more about this if this meeting were two weeks hence, but seeing that it's two o'clock, I'm going to hurry back to that meeting of the 1930 Budget Committee —and thanks very much, Mr. Host, for what I'm taking to them about the new animal we've all got to handle!"

Others: (rising) "Same here! So long!" (Exit)

CURTAIN

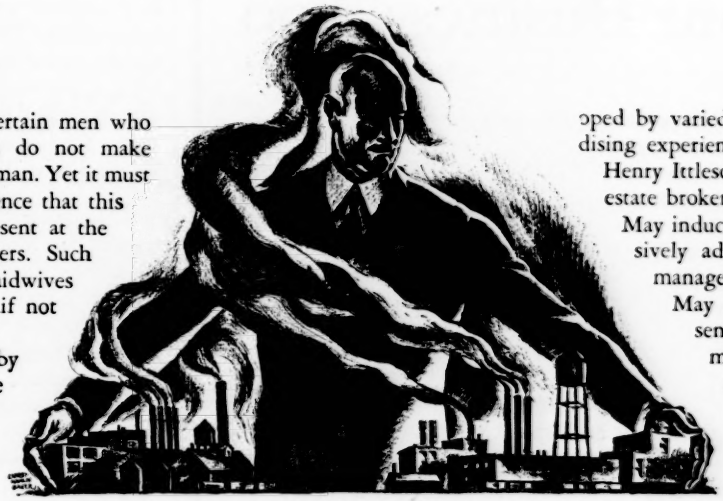
Money To Burn; Burn Where?

MONEY to burn but no place to burn it, was the recent predicament of the Treasury Department. Approximately two tons of retired currency was slated for destruction. Proper furnaces were not to be had at the Bureau of Engraving where the money is made. Machines that masticated the bills into a pulpy substance were used formerly; these were not altogether satisfactory.

What to do! The money had to be done away with. The job had to be done thoroughly: two half-bills or four quarter-bills might be made into a profitable whole one. Happily someone thought of the Navy Department's ample furnaces at the Washington Navy Yard.

A hurried telephone conversation between department heads revealed that the Navy would do the job—with reservations. The Navy would not be responsible for any misadventure. Expenses for the installation of new equipment such as gratings over the chimney to prevent partially burned bills from flying away, would have to be borne by the Treasury Department.

Men Who Make Mergers



They make business history by adding two and two to make five yet some are little known to history

THIS is all about certain men who don't exist. "Men do not make mergers," says one man. Yet it must be more than a coincidence that this same man has been present at the birth of a dozen mergers. Such men, at least, act as midwives or attending physicians, if not as fathers.

"Mergers are made by economic forces," he points out. "No man can put through or facilitate a merger unless there is big economic pressure behind it and big economic savings ahead of it. Some men realize earlier than others economic forces which are slowly taking shape. They remove obstacles from the way of these forces, allow them to act more quickly, and apply them to particular spots to bring savings and profits to definite corporations. Such a man might be called a realizer or facilitator rather than a maker of mergers."

LET'S make a picture gallery of men who frequently are Johnny-on-the-spot at mergers. Notice, too, how this element of sound economics runs through all these personalities as a motif.

Men become merger-makers for many reasons. D. H. Haines of the International Tobacco Machinery Co. sells cigar machines by suggesting mergers of cigar factories. Small factories don't offer an economic market. A cigar machine is economical only on a volume of a million cigars a year. And a machine repair man has to be maintained for one machine, but can supervise ten, so the new minimum economic size of factory is ten machines, turning out ten million cigars of established brands with customers waiting. Five separate factories making two million each, grouped together, make an inevitable buyer. Sales Manager Haines offered to make banking connections for mergers. One big factory grew where five or six little back room shops grew before. Machine sales grew. Salesman Haines has become also treasurer of his company.

Sidney Z. Mitchell has greased the ways for mergers in fields bigger than cigars, among power companies. General Electric often had to accept securities of power companies as part pay for equipment—or lose a sale. Mitchell, as head of the resulting securities division, often saw that the only way to get money out of these stocks or bonds was to induce two or three companies to merge into an economic unit. Besides, two separate power companies, neither of which could use a 50,000-kilowatt generator, might merge into a sound market for bigger, better and more economical equipment. Since the securities department was cut off from General Electric as the Electric Bond and Share Company with the same S. Z. Mitchell as its president, he has put his own company into a gigantic merger.

ONE recent merger was made by an outsider buying two companies, putting them together and saying "Henceforth you are one." Back of this summary act was good judgment developed by varied financial and merchandising experience.

Henry Ittleson was a 21-year-old real estate broker in Denver when David May induced him to become successively advertising manager, store manager and general manager of May Department Stores. May sent him to St. Louis to manage one of his two stores there. Ittleson consolidated them, but put them under the other manager, so as to give himself a long-sought opportunity to get out of department store work into another business where May backed him—acceptance on a bigger and bigger scale. From automobile financing, he extended the acceptance principle to country-wide contracts with companies making household products such as oil heaters, radio sets, phonographs and pianos, Sewell refrigerators, boilers and radiators.

Also "acceptance" is applied to sales of all kinds of machines to factories, enabling a machine to pay for itself gradually out of its own profits. Ittleson discovered that this work was somewhat similar to that of the textile "factor." Studying from the outside this business, so like his own, Ittleson perceived a chance to cut out duplication of customers and other causes of expense by uniting two of the biggest textile factors in the world, Pieirls, Buhler and Company and Frederick Vietor & Achelis, Inc. In the ensuing six months, their expenses have gone down while the sales they handle have gone up to $100,000,000.

GEORGE K. MORROW'S merchandising genius has made or induced several recent mergers. He brought across the border the merchandising sense shared by other Canadians, got into the Gold Dust Company, pointed out that the American Linseed Company manufactured some of its product by similar machinery, and carried through a merger of the two companies with Morrow as

Selecting the *Paper* Is Your Business, Too

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PARSONS MADE IN U.S.A.

chairman and his brother Frederick as president. They divested the American Linseed Company of its linseed products, kept the food by-products that are distributed through grocery stores, bought others in rapid succession.

United Cigar was interested in multiplying the lines to be sold in its stores, so a syndicate was formed to take over most of the Whelan interests in the United Cigar chain and the Union Tobacco Company, including half-ownership or control in a variety of concerns such as Union Tobacco Company, Schulte-United, dollar department stores, and the C. F. Noyes company, the country's biggest real estate brokers. Whelan stepped out, Morrow stepped in. One of the avowed purposes of the deal was to get the advantage of Morrow's merchandising genius.

Owen D. Young has been participating in statesman-like international mergers or affiliations. After completing the Young plan in Paris for the world's reparations council, he went to Germany for the General Electric Company, of which he is chairman, and made an agreement with the Allgemeine Elektricitäts Gesellschaft—meaning, word for word, "General Electric Company"—tying together more closely than before the two general electric companies of the two nations with himself as an officer in both of them.

Young also met T. W. Lamont in Europe and these two thereupon negotiated a merger by sale of R. C. A.'s communication systems to the International Telephone and Telegraph Company, subject to permission by the United States Executive, Congress, or Courts. General Electric owns 60% of the Radio Corporation; Young is an important director in it; J. P. Morgan and Company, of which Lamont is a partner, is the banker for all three companies.

Practically every president or even every important director of a big corporation nowadays must hold himself in readiness to make, negotiate, assist, approve or disapprove mergers as part of his year's work. In that respect corporation executives are all makers of mergers.

Almost all investment bankers welcome sound mergers as opportunities to sell new securities at wholesale through the country. Almost every partner in a big investment banking house becomes, to a greater or less extent, a maker of mergers.

Finally, mergers are often made by amateurs or free lances—lawyers, industrial engineers, commercial bankers—or by professional promoters or "originators," such as Charles F. Flint called the merger king.

TRAINED HARD AND LEAN BY ADVERSITY, IT IS BETTER ABLE THAN MOST TO COPE WITH DULL TIMES

The Textile Industry in 1930

The textile industry is looking forward. • It is thoroughly deflated right now. • It expects about the same volume in 1930—perhaps 3% less. • Buyers' pressure for lower prices is being stoutly resisted—prices already are unprofitable. • Production is being better controlled. • Advertising of textiles is in its infancy and holds great promise. • Vertical mergers are needed, eliminating expensive middlemen. • Export effort, co-operatively undertaken, will help. • Employee relations, low wages, are sore spots. • Research must help by lowering costs, widening spread between costs and prices.

WALKER D. HINES, chairman of the Cotton-Textile Institute, remarked recently that he was deeply impressed with the composure of Worth Street as compared with the panic in Wall Street. This composure meant merely that down in the great wholesale cotton goods district of New York, there had been no bubble to burst.

If the textile industry had known in advance that a financial crash was impending, it could not have faced it in a condition of more complete liquidation than exists to-day. Prices and inventories of raw materials and finished goods are thoroughly deflated; finances are liquid; collections are in excellent shape. Most units of the industry are paying a heavy tax, in the form of squeezed profits, for the privilege of staying in business. Wardrobes throughout the country certainly are not over-stocked. Co-operative educational and fact-finding campaigns have aroused a general appreciation of the importance of balancing production with demand, of revising antiquated merchandising methods, of developing sound cost-accounting principles and methods.

How different when the "golden" post-war period collapsed! Then, prices of raw materials and finished products bore no relation to cost or to value; inventories were excessive all along the line; expansion programs were proceeding as rapidly as contracts could be let.

THE textile industry participated in the national joy-ride; it was right on the front seat. Everything was set for a glorious crash—and the crash came. Textiles during the last decade have plumbed depths unexplored by any other industry with the possible exception of coal. In recent years, the textile industry has watched the feast through a window.

The industry is down to solid foundation now.

But this does not mean that "everything is going to be all right."

Sellers of textiles already are feeling the effects of the Wall Street crash. Buyers are extremely cautious and, in some cases, have withdrawn entirely from the market. Raw material prices have slumped in sympathy with stocks. The financial standing of individual customers becomes an unknown quantity, and extreme care in commitments is essential. Santa Claus will think he's poor this year and gift-textiles will suffer.

Manufacturers of luxury goods will not have to read the papers to know that buying power—whether real or imaginary—has been impaired. Retrenchment in the automobile industry will restrict consumption of upholstery fabrics.

Business all along the line will be harder to get. Medium- and low-priced goods will be emphasized at the expense of the higher brackets.

However, taking all these factors into consideration, it is doubtful if the 1930 volume of textile business will change materially from that of 1929—or, at any rate, decline more than, say, 3%.

TEXTILES, being on a rock-bottom basis, should fare relatively better than most other industries.

Manufacturers can weather the storm if they will watch the balance between production and sales even more closely, and if they will resist the temptation to yield to buyers' pressure for lower prices when they know that to-day's levels are, on the average, profitless.

Recent events indicate that they are following these two precepts. Manufacturers representing 70% of the looms on narrow sheetings and print cloths in the South met recently and indicated their determination to curtail—the mini-

mum reduction amounting to 27%. On the next day, a meeting of spinners of carded cotton yarns was followed by announcements from individual executives to the effect that they would substantially cut production at once.

Every indication points to a general recognition of the importance of firmness on prices. Sellers realize that they could wreck the industry just now by becoming panicky and selling goods at a loss in response to urging from buyers. Public statements by leaders have stiffened individuals.

In addition, a fortuitous circumstance promises to make the going easier. Paris decreed longer and fuller skirts; New York attempted to resist; Paris won. The new styles, they are here—for a while at least. And as long as they endure, the manufacturer of dress fabrics will profit thereby.

THE textile industry, therefore, has not the immediate problems that confront many other industries. Its manufacturers have all the greater opportunity to take stock of its fundamental troubles—and of the progress being made toward their elimination.

The industry has been diagnosed and psychoanalyzed intensively. The net conclusion: Most textile units cannot operate to-day on a basis which insures a reasonable return to stockholders or adequate wages to employees. And no industry can hope to prosper in this country as a low-wage industry.

Analyzing the textile problem, the principal ingredient is our old friend over-production. War and post-war expansion, new units in recently-awakened sections of the country, increased efficiency of equipment, are among the causes of this over-production.

An immediate remedy, of course, is to attempt to conform the quantity and type of output to the quantity and type of demand.

This advances exactly the doctrine which has been preached by the Cotton-Textile Institute, the Wool Institute, and similar co-operative organizations. In addition to preaching, the institutes have supplied manufacturers with tools in the form of statistics on production, stocks, and unfilled orders. Results have been noteworthy—particularly in view of the fact that up to very recent years the industry had no conception of such "new-fangled gadgets."

Still another immediate remedy is the elimination of night-work, which contributes largely to over-production; is expensive and unsatisfactory. This has been emphasized in recent textile discussions. An attempt was made to amend the Cotton-Textile Institute's constitution so that it could deal with the problem. The Institute decided, quite rightly, not to dilute its fact-finding functions. Consequently the question is left with the trade associations. Without doubt, early attempts will be made to bring about legislative action.

However, curtailment of production will not alone bring prosperity to textile mills. Mills could not operate profitably on the amount of business now current, even if prices were reasonable.

The answer has to be more aggressive and more efficient merchandising in both the domestic and export fields.

Possibilities of expanding existing uses and creating new uses have just been tapped. Advertising is in its infancy in textiles. Reduction of the number of distributing agencies between the manufacturer and the consumer is under way, but far more concerted action is needed. Vertical mergers, from raw material to ultimate distribution, offer unlimited possibilities.

There are vast undeveloped export opportunities, particularly in South America, but co-operative selling under the Webb-Pomerene Act or through consolidated agencies is a prerequisite.

Coupled with this must come greater attention to manufacturing efficiency through fundamental technical research. It is true improvement in equipment has helped over-production, but intensive work must go on to reduce costs. Particularly promising is the prospect of eliminating intermediate processes in spinning and weaving; and the readjustment of mill jobs, to permit greater output per worker, with correspondingly increased return to both management and employees.

Then there is the question of industrial relations. So-called "labor extension" plans have been construed as attempts to secure more work at the same pay. True, no doubt, in some cases. Usually, however, they represented part of a program to increase the leeway between cost and selling prices, so both higher wages and better profits could be realized.

To insure satisfactory operation of such plans, however, the proper educational background must be laid. This is where the antiquated employer-employee relationships still prevalent in many textile mills proves an apparently insurmountable handicap. The day has passed when a mill can post a notice of a wage reduction, or a sudden shut-down, or a readjustment of jobs—and get away with it.

One fundamental truth must be realized: The primary factor in industrial relations is the pay envelope. To it, union organization, employee representation, community activities, etc. are subordinate.

Until the textile industry can pay adequate wages, its human relationships will be as unsatisfactory as its profit margins.

THE way is now clear for advance. Most branches of the industry have organized fact-finding institutes. Their chances of success are far greater in a period of deflation and hard work than in boom times, when fundamental problems are apt to be forgotten.

The geographical dislocation of the industry has reached a state of stability—and this form of decentralization has already proved to have been a blessing.

Science has contributed an important weapon in the form of synthetic fibers. This gives man the power to produce, ultimately, any kind of fiber he requires—and to regulate its uniformity and price as natural fibers never could be regulated. The variety and cheapness of these new raw materials enable manufacturers to produce attractive fabrics at a low cost—and thus to compete more effectively for their share of the consumer's dollar.

WHAT is wrong with the picture? Nothing—except the mental resistance of an industry with years of tradition behind it—and with the weight of great organizations which they feel they must "conserve." Executives are handicapped by the feeling that they have everything to lose and nothing to gain. Actually, the textile industry to-day has little to lose and everything to gain.

It has built a firm foundation during recent years. It can erect upon it any type of structure it desires.

▼

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FIGURES submitted to the U. S. Department of Commerce by a Western aircraft company place the cost of using an airplane in business at $9.39 a hundred miles, or less than 10 cents a mile. This estimate is based on 100 flying hours a year—or the equivalent of 10,000 miles travel—for an average low-priced three-seat open biplane.

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NATIONAL

The Man Who Saved the Bank

INFECTED by the speculative madness coursing through the industrial and financial life of the United States, a half dozen or more trusted executives and employes of the Union Industrial Savings Bank of Flint, Michigan, began gambling in Wall Street. But they weren't always lucky. So at various times over a period of three years they dipped into the bank's funds. Then the market collapsed. Brokers called for more margin, and the frantic conspirators plunged deeper into the bank's vaults and fairly ladled out the gold with which they hoped to save their investments. When the defalcations were finally discovered they amounted to $3,592,000, the largest embezzlement in American history.

The bank immediately tottered on the verge of failure. Thousands of depositors, principally working men and small salaried employes of business houses, were threatened with the loss of their life-time savings. Then Charles Stewart Mott, engineer, industrialist and financier, stepped into the breach. He was an officer of the bank, and had been its first president. His legal responsibility was limited. But he felt that his moral responsibility was very great. Scarcely had the shortage been discovered when the bank announced that Mr. Mott had given $1,000,000 in cash from his private fortune to meet the losses. A few days later he gave an additional $1,500,000. But even that amount was not sufficient, so Mr. Mott went into the money markets of New York, Chicago, and Detroit. There he pledged his personal credit and the securities which formed the basis of his own fortune. He returned to Flint with another million dollars. He put up, all told, $3,500,000. It was enough to save the depositors.

International News Reel

CHARLES MOTT

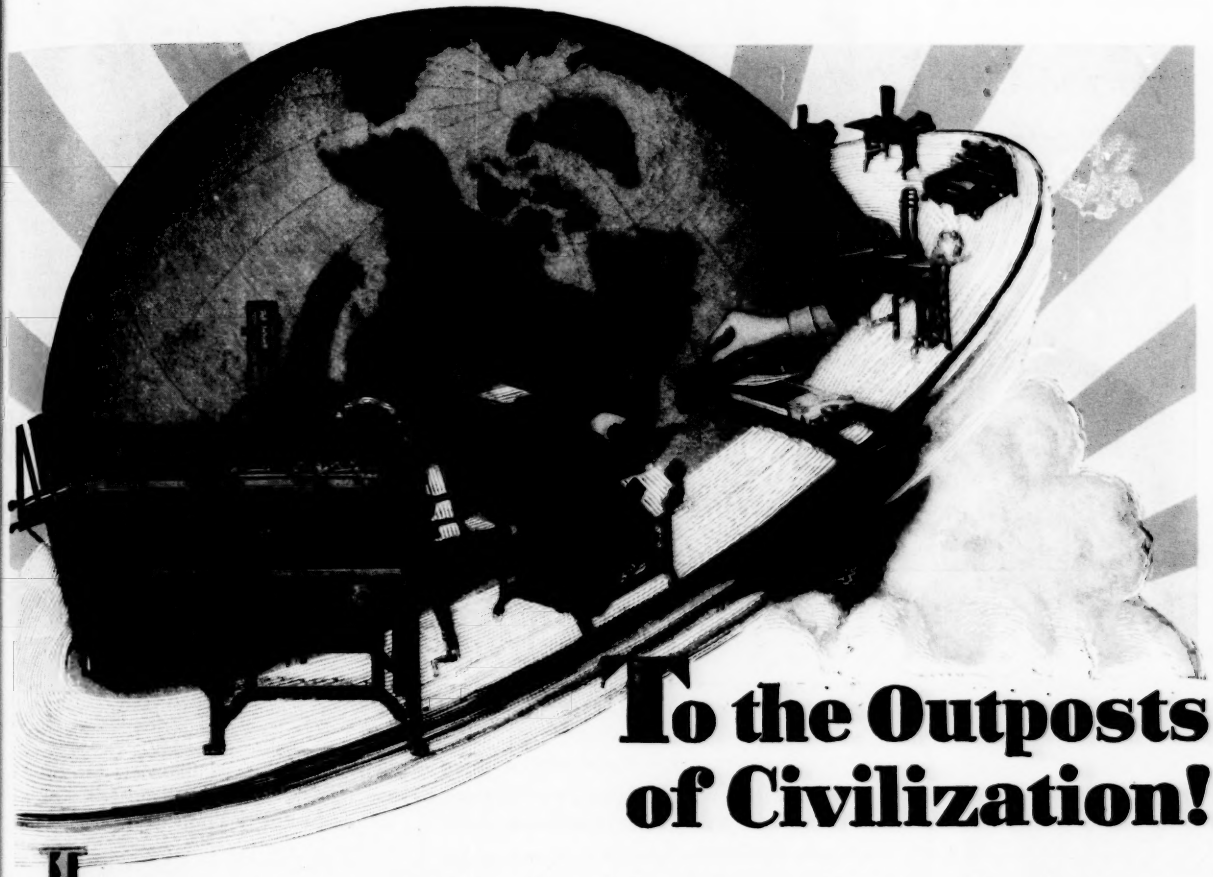
Out in Flint, they swear by him—and no wonder, for he's lavished time, work and a fortune in the old home town

Mr. Mott explained that he saved the bank, not because of any pride of philanthropy, but because he had a personal pride in the institution, and even in the conspirators who had been with the bank for ten, fifteen, and twenty years. "That's why I hate to see their lives wrecked and their families disgraced through their acts. I know that when these men first started taking bank funds they had no thought of stealing or of defrauding the bank. They were merely borrowing funds to play the market, and if the crash hadn't come this fall they would be honored and respected men today."

WHAT manner of man is Mr. Mott? Business associates know him as a director of many corporations and as a vice-president of General Motors. At one time he was (and perhaps still is) one of its largest individual stockholders. Experts on municipal government know him as the man who, three times mayor of Flint, brought order out of chaos in the affairs of his city. Political leaders know him as a private citizen of extraordinary popularity and vote-getting power; they are afraid he will run for governor again. He did so in 1920, and in the primaries, with no machine backing and without making a state-wide campaign, ran third in the field of nine. Welfare workers know him as a rich man who gives but does not tell.

Mr. Mott is fifty-four years old. He is a brother of John R. Mott, international leader of the Young Men's Christian Association, and has given liberally to the Flint branch of that organization, of which he was formerly president. He was graduated from Stevens Institute of Technology at Hoboken, N. J., and thereafter studied for one year each at Munich and Copenhagen. He was a gunner's mate during the War with Spain, and a major in the World War.

Soon after the war he helped establish the Industrial Mutual Association, perhaps the most flourishing recreational organization of factory workers in the United States. One of the basic reasons for the organization of the Association was a strong regard for systematic recreation. His own exercise is obtained in outdoor sports, principally riding. He raises blooded cattle, hogs, and fowls. He likes books and music, and his picture gallery contains some real treasures.



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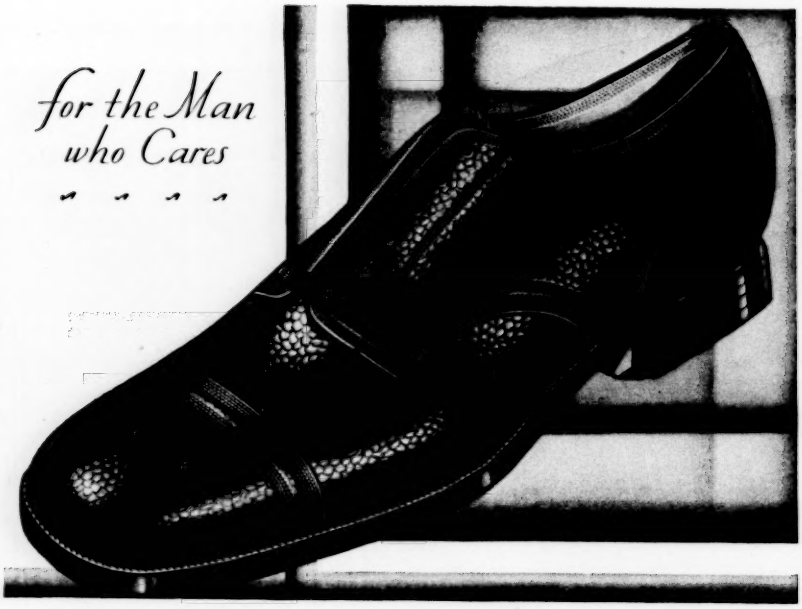

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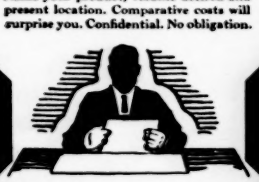

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Wide Reading

INVESTMENT TRUSTS—FRIEND OR FOE OF THE STOCK MARKET? Arthur M. Leinbach and Theodore M. Knappen. *Magazine of Wall Street*, November 16. Weakness and strength of this new factor on the market.

IVY LEE, MINNESINGER TO MILLIONAIRES. Silas Bent. *New Republic*, November 20. Preeminent among public relations counsellors, he is logically the man to initiate a voluntary house-cleaning, much needed.

AN AMERICAN LEISURE CLASS. Hoffman Nickerson. *American Mercury*, November. Possible energy outlets for the leisure class which will save them the displeasure of those who work for a living.

AUSTRIA FACES HER CRISIS. G. E. R. Gedye. *Nation*, November 13. The Heimwehr see in new Schober bills the way to abolition of parliament and a fascist dictatorship.

THE GROWTH OF BRANCH BANKING IN Japan. *Commerce Reports*, November 11. Trend toward consolidation accompanied by increased number of branches; change beneficial to stronger institutions. Stabilizing trends in rapidly-progressing Japan.

MODERN POWER EQUIPMENT. *Power*, November 21. Special issue devoted to modern power installations in New York's largest hotel—the New Yorker.

SELLING BUSINESS BOOKS IN THE BOOKSTORE. Ruth Leigh. *Publishers' Weekly*, November 9. Hints to booksellers on men's buying wants and instincts. A new market in many centers.

CONTINENTAL WHEAT POOL IMPENDS—NORTH AMERICA *vs.* EUROPE. Charles O. Smith. *Magazine of Wall Street*, November 16. Canadian farmers challenge Europe's wheat buyers and United States Farm Board finances great American pool.

PRESIDENT HOOVER—A YEAR AFTER ELECTION. Clinton W. Bilbert. *Review of Reviews*, November. A review, an appraisal, an accounting of personal qualifications.

BOOKS

OUR BUSINESS CIVILIZATION. James Truslow Adams. A. & C. Boni, 306 pp., $3. An estimate of certain aspects of modern American life, destined to arouse controversy.

CREATIVE THINKERS. Herbert N. Casson. B. C. Forbes, 199 pp., $2. British writer on business tells how to apply the principles of evolution to the activities of business, finance, and public life.

EMINENT ASIANS. Joseph Washington Hall. Appleton, 510 pp., $5. Understanding the new East through six great personalities who determine future policy in China, Japan, Turkey, India. Vivid, substantial, fair. Fresh interpretation of Westernization in action.

THE NEW INDUSTRIAL REVOLUTION AND WAGES. W. Jett Lauck. Bureau of Applied Economics, 300 pp., $2.62. Old wage theories have disappeared in face of new industrial

revolution. This volume traces unprecedented developments of last five years, and discusses new problems which have been developed.

WAYS TO NATIONAL PROSPERITY. C. E. Grunsky. Walter Neale, 165 pp., $2. An engineer applies his systematic thinking to new economic trends here and abroad.

PRACTICAL ECONOMICS. Henry P. Shearman. McGraw-Hill, 460 pp., $3. More interesting and readable than most, with a few interesting digressions into the human phase.

BUDGETARY CONTROL OF DISTRIBUTION. T. O. Griell. Harper, 99 pp., $4. Concise, full of diagrams and sample forms. By a recognized authority on market areas, sales quotas, and selling and advertising programs.

SEVEN IRON MEN. Paul de Kruif. Harcourt, 241 pp., $3. Pioneering story of how iron came to Andrew Carnegie.

LUCK. Lothrop Stoddard. Liveright, 320 pp., $2.50. Collection of anecdotes which prove just what you've suspected all along—it's all in the breaks.

THE RECOVERY OF GERMANY. James W. Angell. Yale University Press, 425 pp., $4. Presents main facts in economic development since the War, explains nature and causes of remarkable recovery in last five years, evaluates present economic position and future prospects.

FRONTIERS OF TRADE. Julius Klein, Century, 328 pp., $2.50. Scrutinizes world expansion of economic interests; world trade problems discussed by the Assistant Secretary of Commerce.

THIS UGLY CIVILIZATION. Ralph Borsodi. Simon and Schuster, 468 pp., $3. A tirade against the factory which makes civilization ugly and a plea for greater domestic use of machines which can be made instruments for economic salvation.

PROGRESSIVE RELAXATION. Edmund Jacobs. University of Chicago, 429 pp., $5. Tentative method for utilizing rest to quiet the nervous system, including the mind. Written primarily for physicians and neurologists but quite intelligible to laymen.

TOO MANY FARMERS. Wheeler McMillan. Morrow, 340 pp., $2. Will give the average business man a better idea of the business of agriculture than he likely has.

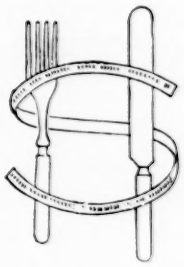
A GREAT RICH MAN. Louise S. Boas. Longmans, Green, 224 pp., $3.50. Sir Walter Scott's rise to wealth, the catastrophe which swept away his fortune over night, and his final counter-attack. Market crashes, best sellers, business tricks in the last century.

DANCE OF THE MACHINES. Edward J. O'Brien. Macaulay, 258 pp., $2.50. Upholds thesis that American authors who seek success are forced to manufacture their products without even the right to exercise literary birth control.

ADJUSTMENT OF FIRE LOSSES. Prentiss B. Reed. McGraw-Hill, 429 pp., $4. Comprehensive account of adjuster's work from time order is received until adjustment is made.

SELLING MRS. CONSUMER. Mrs. Christine Frederick. Business Bourse, 400 pp., $5. Scrutinizes characteristics of buyers and suggests cues to find what and how they will buy. Good for correcting too masculine view of consumer market.

BRITISH INDUSTRY TODAY. Ben M. and Sylvia Selekman. Harper, 290 pp., $3. Lessons from the experiences of English in co-operative action; valuable in view of the increasing importance of co-operative action in this country.



LUNCHING AND BANKING

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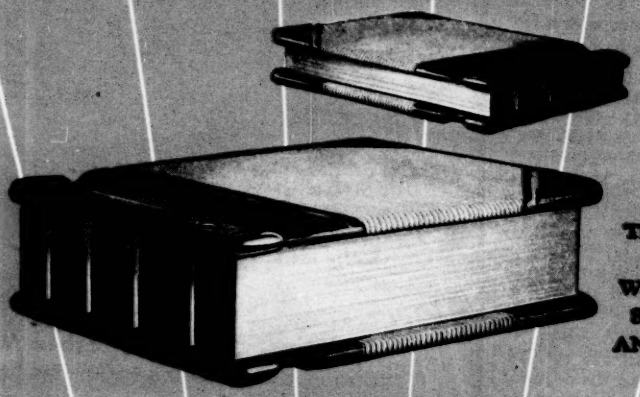

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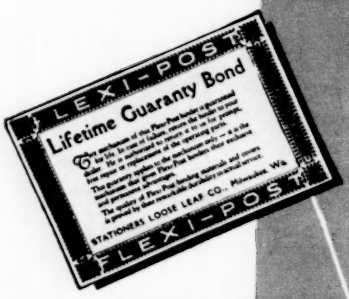

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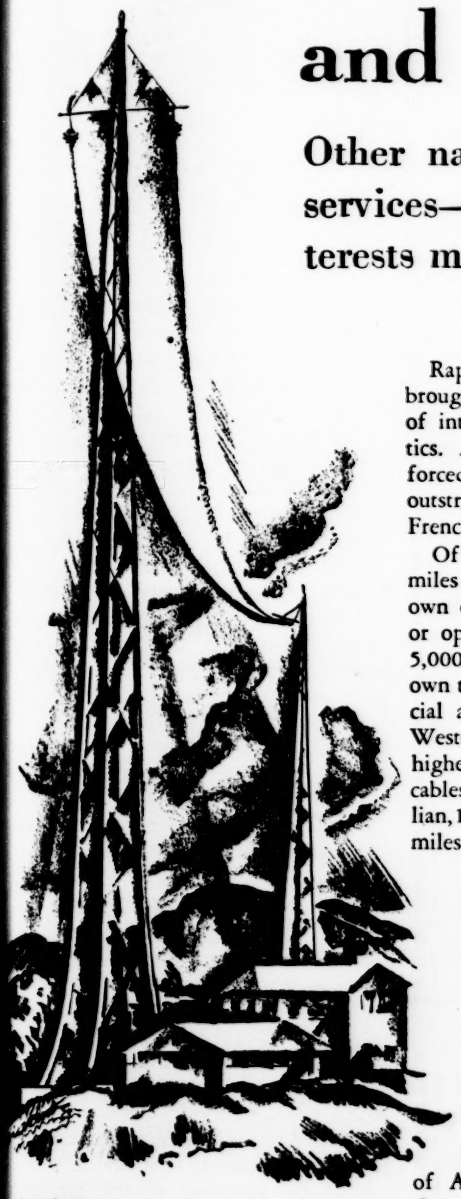
World Battle Starts in Air and Under Sea

Other nations mass wire and wireless services—American cable and radio interests must stand divided



THE voice heard across the South Atlantic has stirred the world's imagination more than anything comparable since submarine cables first spanned the ocean sixty-three years ago. Yet radio telephony between Buenos Aires and Madrid marks only the beginning of an ambitious plan for netting the entire globe in a vast communications system. Great interests, great nations are engaged in a race to complete their strands first, to secure control of strands already woven.

Rapid development of radio has brought thorny problems in the realms of international business, finance, politics. America's leading companies are forced to a hot pace to keep up with, to outstrip their shrewd rivals—British, French, German, Italian.

Of the world total of 350,000 nautical miles of submarine cable, the British own outright 177,000 miles; they own or operate jointly with other countries 5,000 more miles. The mileage of our own two competitive systems—Commercial and All America Cables, 70,500; Western Union, 30,600—totals second highest at 101,100. French-operated cables cover 28,000 under-water miles; Italian, 13,500; German, 3,800 miles plus 920 miles owned jointly with Great Britain.

RECENT advances in the field of wireless have shifted the balance of nations in communications, and disturbed the balance between wireless and wire communications. In international wireless the United States and England lead, with Germany and France respectively a close second and third; Italy, a fourth. The operating companies involved are the Radio Corporation of America, British Marconi Wireless Company, Cie Générale de Telegraphie sans Fil, German Transradio (controlled by the German Telefunken Company), and Italo Radio.

Certain American, British, German, and French companies have formed the Commercial Radio International Committee for interchange of patents and agreement on spheres of operation. Despite these special working agreements, they remain fundamentally competing systems in the national sense, especially for supremacy in the expansion of trade.

ORIGINAL courage in financing and consistent extension have maintained for the British the traditional submarine cable leadership. This leadership has been strengthened by the merger of Imperial British cable and wireless systems, a three-cornered affair, consisting of the Eastern Telegraph system, the Marconi Wireless, and the Government-controlled communications.

The French communications systems are likewise getting together on a national basis. The French Cable Company and the French Wireless Company have not actually merged, but they work in close co-operation, and receive substantial subsidies from the Government. The French cable system, although only 8% of the world total, has been exceedingly active in wireless development.

Germany has had to be strong in wireless communications. Loss under the Versailles Treaty of 17,000 miles of cables makes her cable system internationally negligible, but plans are now under way to extend it through the operations of the German Atlantic Cable Company.

Like the French, German cables and wireless show an increasingly close financial alliance. The German Postal Ministry has organized the Allgemeine Telegraphengesellschaft to expedite unified control. German Telefunken Company ranks second only to British Marconi and Radio Corporation of America in importance in international wireless. Through the controlled agencies of the German General Electric Company, and Siemens and Halske, leaders in foreign electrical undertakings, interests of Telefunken extend to every country of the world except the United States, Canada, and France.

Italy's international communication

Distribution Is Important, Too

When public offering is made of a corporation's securities — in the form of bonds, stocks or otherwise — the character of the distribution is of the utmost importance. The market which the issue will enjoy depends in large measure upon the way in which the issue has been sold. And, obviously, a good market reflects credit not only on the security but on the corporation behind it as well.

The facilities of A. G. Becker & Co. for distributing high-grade securities will interest corporation officials who contemplate public financing for their company. Often underwriting opportunities have come to us very largely because of confidence in our ability to place the issues effectively. Our offices and retail organizations in New York, Chicago and other financial centers are in regular contact with thousands of investors, while as wholesalers we enjoy close relations with investment dealers in all parts of the country. These facilities for broad distribution and our distribution policies developed out of a long experience make for satisfactory markets.

We shall be pleased to confer with you about financing problems in your own business in which our experience and broad facilities may prove of service.

Booklet entitled "Sound Corporate Financing," which sketches the service we have rendered a number of well known American Corporations, will be sent upon request.

Sound Securities for Investment

A. G. Becker & Co.

54 Pine Street, New York
100 South La Salle Street, Chicago

system has grown rapidly under the stimulation of Fascist support. The Italian Cable Company, through the aid of a Government concession, has in operation nearly 10,000 miles of submarine cable.

The principal international radio telegraph service of Italy is carried out by the private company Italo Radio, operating under a State concession. This company is partly owned by the French Wireless Company, and, for all effective purposes, is controlled by the Italian Cable Company. Close working agreements between the cables, Italo Radio, and the State wireless system give Italy virtually unified service.

HOW do the communications systems of the United States compare with these of leading foreign countries?

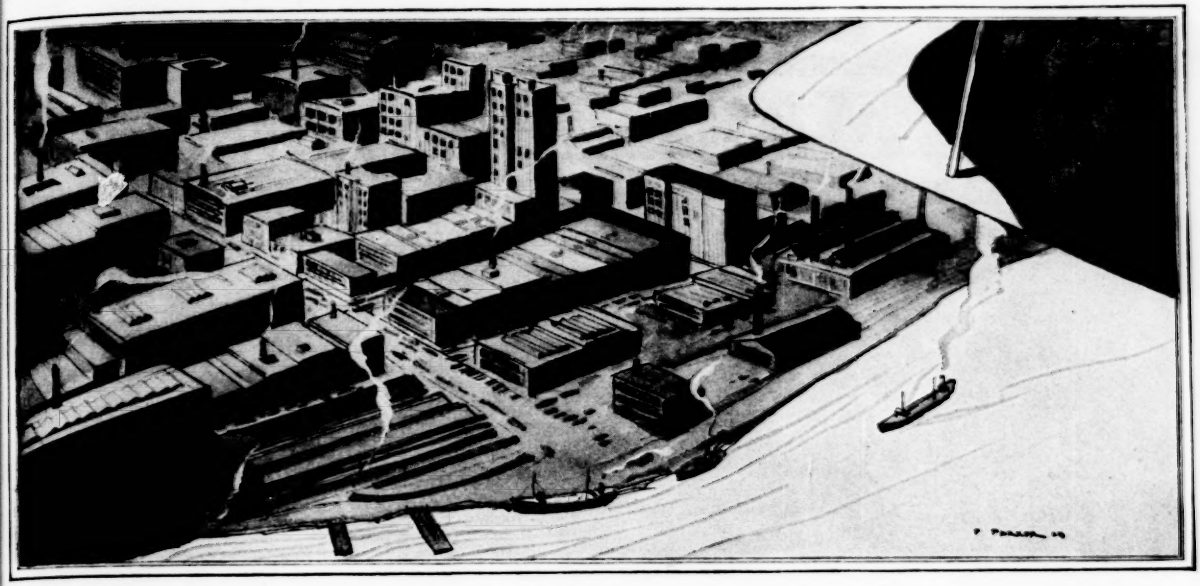
Cable and wireless connections of the United States with foreign countries are today provided by three American operated systems, and one French—the French Cable Company. The most important American cable systems comprise Commercial Cables, Commercial Pacific Cables, and All America Cables, all jointly operated as one system, under the International Telephone and Telegraph Corporation. The I. T. & T. network comprises 70,500 miles of cables with seven channels to Europe and the Azores (where it connects with Eastern Telegraph of England, and Italian Cable); a cable through the Pacific reaching Honolulu, Guam, Philippines, Japan, and China; and the system of All America Cables connecting the United States with most of the West Indian Islands, and all Latin America excepting Mexico and Paraguay.

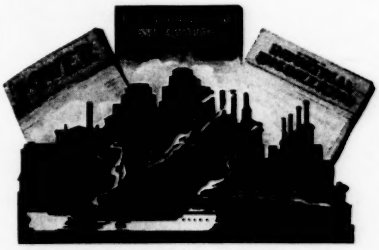
Western Union owns or operates a trans-Atlantic cable system covering 30,000 nautical miles. Under an arrangement with the Western Telegraph Company, with which it connects at Barbados, Western Union now operates a direct service to South American points. An extensive program has been adopted for rearrangement and improvement of cables and facilities of the Mexican Telegraph Company, controlled by Western Union and operated in connection with its system.

From 25,000 offices in the United States, and from points in Canada and Mexico, connections are made via the New York Cable Office, with fourteen Western Union cables: eight across the Atlantic, three to Cuba, one to Barbados, and thence to South America; two to the Azores and thence to Italy, Spain, and to Germany.

R. C. A. Communications, Inc., sub-

To Strengthen Your Selling Job!





SELLING CROSS INDUSTRY

Were you to fly over Toledo you'd see a representative industrial community. *Plants everywhere! Many known from coast to coast—covering a broad range of industries.

In each of these plants there are three clear-cut functions—(1) *plant and production management*, (2) *plant engineering* and (3) *power and power services*. Any manufacturer selling equipment, materials or services widely used in industry is vitally interested in placing his sales story before the men responsible for these functions.

Factory and Industrial Management reaches men responsible for plant and production management.

Industrial Engineering reaches men responsible for plant engineering.

Power goes to men responsible for power and power services.

Because these publications offer a wide and thorough coverage of worth while plants in all lines of manufacturing you can strengthen your selling job effectively and economically through using their advertising pages.

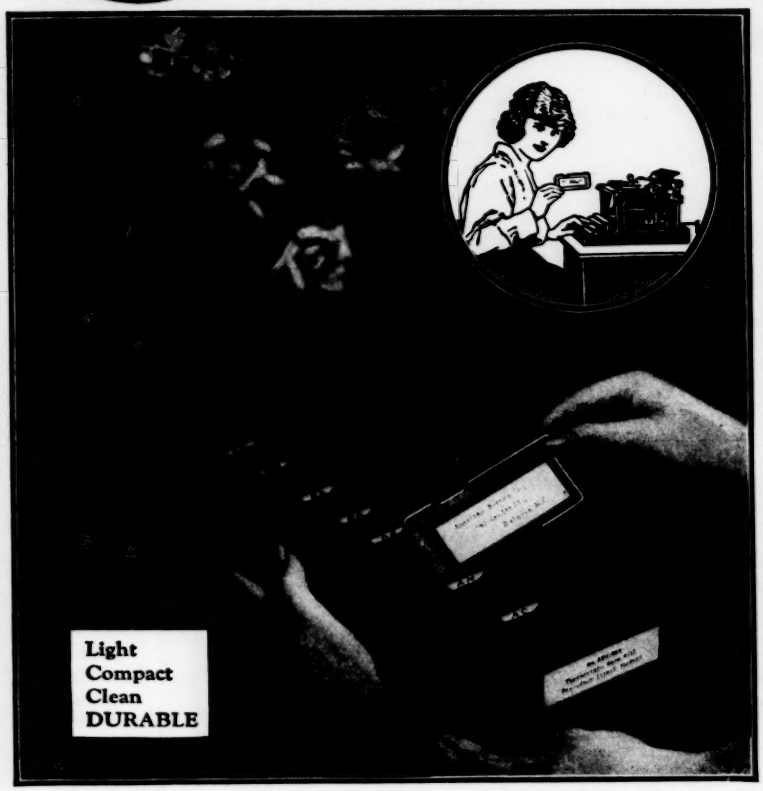
Factory and Industrial Management,
Industrial Engineering,
Power.

McGraw-Hill Building **Chicago, Illinois**

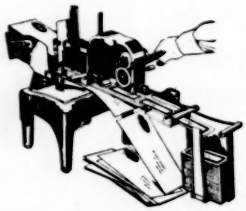
*A careful check of Toledo's plants having 50 or more employees shows the wide diversity of industries represented.

Products	No. Plants
Beverages	10
Boxes, paper, etc.	5
Bread and bakery products	56
Brushes, other than rubber	6
Butter, cheese, cond. and evap. milk	4
Car construction and repairs, (R. R.)	8
Clothing, women's	8
Concrete Products	8
Confectionery	5
Copper, tin, sheet-iron work, etc.	17
Electrical machinery, etc.	21
Electroplating	5
Flour and mill products	6
Foundry and machine shop	48
Fur Goods	3
Furniture	16
Gloves, mittens, etc.	7
Lumber	13
Machine Tools	7
Marble, slate and stone work	4
Models and patterns, (not paper)	7
Oils	3
Paints and Varnishes	9
Photo Engraving (not in Printing Estabs)	4
Printing & Publishing, Lithographing, etc.	67
Ship and boat building	3
Signs and advertising novelties	12
Stamped & Enameled ware	6
Structural and ornamental ironwork	7
Tobacco, cigars and cigarets	4
Wall plaster, wall board, etc.	3
Other industries (Including Autos)	189

ADDRESSING "ELLIOTT" MACHINES



Elliott "TYPEWRITEABLE" All-Fibre Combination Index-Address Stencil-Cards



"ELLIOTT" offers the ONLY popular-priced Addressing Machines in the world equipped with the convenience of AUTOMATIC ENVELOPE FEED!

provide the easiest, most economical and efficient means of compiling a mailing list and keeping it accurately up-to-date.

ELLIOTT Addressing Machines insure highest speed at lowest cost—together with noiseless, trouble-proof operation.

ELLIOTT Mechanical Addressing Equipment is everywhere displacing former methods of aiming the printed word and handling all kinds of routine name-writing, recording, etc.

The system you will buy if you want the best!

CLIP and MAIL this COUPON

- ☐ FREE Catalog
- ☐ FREE Demonstration
- ☐ FREE Book about Direct-Mail Advertising

Check what is wanted at left, attach to your business letterhead, and address to the Elliott Addressing Machine Co., Cambridge, Mass., U. S. A. (or 84 St. Antoine St., Montreal, if you are in Canada).

sidiary of Radio Corporation of America, has direct wireless telegraph circuits and traffic agreements with wireless stations in twenty-eight foreign centers.

Radio Marine Corporation of America and Mackay Radio Telegraph carry on an extensive shore-ship service from fourteen coastal stations in the United States.

Radio Corporation has a quarter interest in stations in Rio de Janeiro, Buenos Aires, and Santiago, Chile, jointly owned with Marconi, French Wireless, and German Transradio. It has an interest in wireless stations in Havana, in San Juan, Porto Rico, is erecting its own station in China.

TO SUM up the world situation, Britain's Imperial cable-wireless system is supreme in the Empire and Central Asia. It has the lead in the Mediterranean, on the African continent, in cables in Chinese waters. Commercial Cables and Western Union share the trans-Atlantic lead; Radio Corporation comes next; France and England have secondary rôles. All-America Cables links all the Americas as no other cable company does; but has competition on certain lanes from Italian and British cables and wireless.

China is an open ground for communications development. Here seven companies are vying with each other. At present, the only Pacific cable communications from the United States to the Orient are over Commercial Pacific Cables; from Canada to Australia, and Oriental points, over the British Pacific Cables; wireless, by the Mackay Radio and Telegraph, the Radio Corporation, and by Amalgamated Wireless (Australasia).

The radio telephone is fated to play an increasingly important rôle in communications between the world's large cities. Long-distance telephone cables have finally been perfected. These two will stand in the same relation to each other tomorrow as do wireless and cable telegraphy today.

The three main American services have made extensive developments in foreign fields, but they labor at a distinct disadvantage in international communications because foreign governments can play one against the others. American communications are likewise handicapped by the provisions of Section 17 of the Radio Act which prohibit the merger of wire and wireless companies rendering an international service, and by the provisions of the anti-trust laws which prohibit the combination of competing wire and cable companies.

He had to be in Omaha that afternoon

A SALESMAN for an oil company—a big contract in Omaha [five hundred miles away] if he can get there ahead of his competitors.

A Great Lakes Sport Trainer—part of the regular traveling equipment of the company's best salesmen — fast, light, economical — *and profitable.*

Result—salesman called hours ahead of anyone else—obtained the order. Cost of transportation *less than by rail or bus.* Substantial profit, made possible only through quick action.

A frequent occurrence with a Great Lakes Sport Trainer—and it can play a similarly important part in *your* business—or in your personal transportation when you want to go somewhere in a hurry.

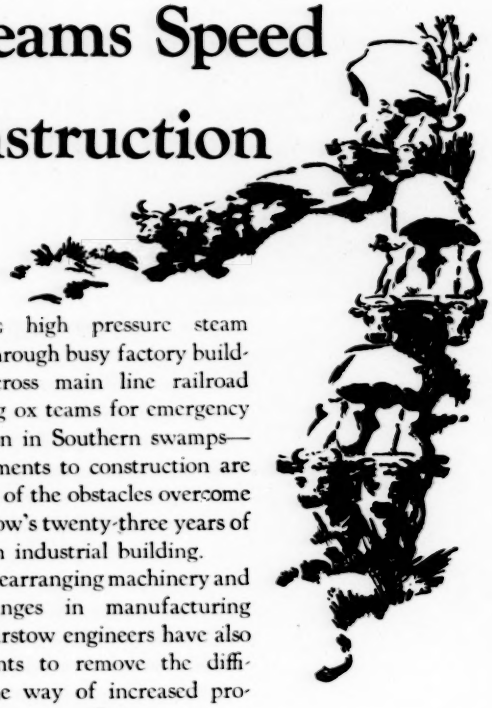
A two-place biplane, powered by the famous American Cirrus air cooled motor—easy to handle—easy to land and take off almost anywhere—exceedingly sparing in gas and oil. A quality ship—perfectly balanced and beautifully engineered by a sound organization thoroughly experienced in aircraft production.

An interesting new booklet tells the story in detail—illustrated in colors—sent on request.

GREAT LAKES AIRCRAFT
CORPORATION CLEVELAND

Manufactured under U. S. Department of Commerce Approved Type Certificate Number 228

Ox Teams Speed Construction



RUNNING high pressure steam lines through busy factory buildings and across main line railroad tracks—using ox teams for emergency transportation in Southern swamps—such impediments to construction are but one type of the obstacles overcome during Barstow's twenty-three years of experience in industrial building.

Through rearranging machinery and making changes in manufacturing processes, Barstow engineers have also assisted clients to remove the difficulties in the way of increased production and greater efficiency.

Whether your requirements are a cement plant or an office building, we invite consultation. Send for our twenty page Construction Book.

W. S. BARSTOW & COMPANY, INC.

Engineering—Design—Construction

50 Pine St., New York **412 Washington St., Reading, Pa.**

If your Address Has Changed

If you are now a subscriber to THE BUSINESS WEEK and your address has been changed, please give the information below so that we may correct our records.

THIS WILL INSURE PROMPT SERVICE.

Name _____

Old Address _____

New Address _____

Mail to THE BUSINESS WEEK
475 TENTH AVENUE, NEW YORK

Hotel Art To Be Seen, Not Heard

AN ambulant New York gentleman was startled by an object which crashed to the sidewalk and spattered his shoes with broken glass. It proved to be a copy of Dürer's portrait of the man in a slouch hat. The nearest building was a hotel. Irate protest to the management disclosed that one of the hotel guests was to blame.

"Sure," admitted the accused, "I threw the chromo out the window. I got so sick looking at that bird's face on the wall."

Responsibility for the incident belonged really to the man who planned the hotel furnishings. Keen students of this subject never adorn guest rooms with portraits which have eyes. The eyes follow a person about the room until they become insistent and sometimes, to nervous natures, unbearable.

Corot landscapes in restful grey greens, Watteau idylls, houses and sunsets reflected in water—these are the best for hotel walls. If they are noticed at all they carry suggestions of rest and peace.

Certain of New York's towering taverns have tried modern art. More recent projects shy clear of it. The points and angles of the geometrical designs combine with violent color concoctions to create unrest and excitement.

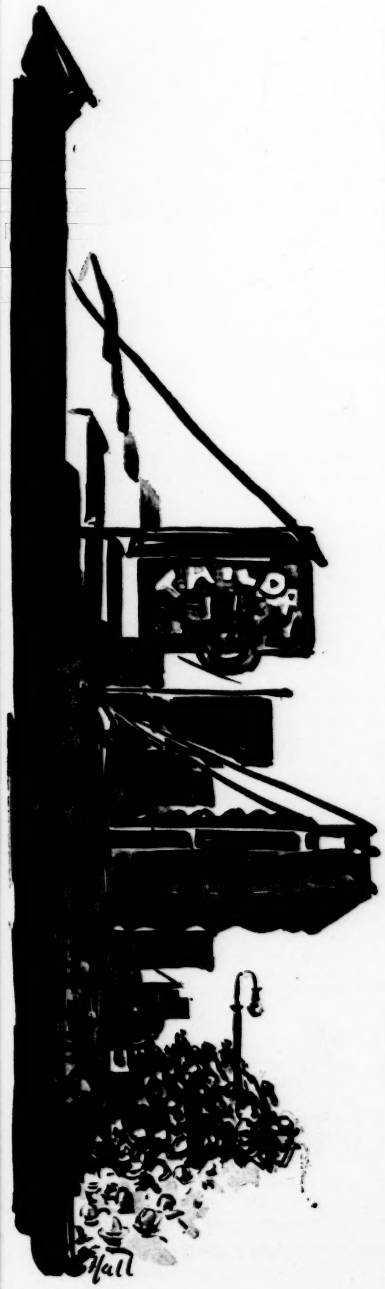
The New Yorker, which will be Manhattan's biggest hotel, is devoting its walls to restful colors and forms. Its only concession to the present fad is wood inlays and veneers for the furniture. Carpets and hangings will be neutral. Some color will be indulged in in bed coverings and upholstery.

New York's Pennsylvania Hotel is running more to color in bed spreads and window draperies. Walls too. Instead of the universal ivory, re-decorated rooms have walls of blue-green. It is a special shade which experiments indicate to be restful and satisfying.

Sample rooms where salesmen may display their offerings are, in new hotels, confined to certain floors. Thus a buyer can shop from one to another. Those best liked have beds that fold into a door leaving the floor clear for displays.

Only one concession has been made to the spirit of whoopee. A combination corkscrew and bottle opener swinging from a chain has become standard bathroom equipment.

What's This About The Sales Cost of Style?



WHEN S. Klein, from Bleecker Street in the East Side, opened a dress shop in an old house on Union Square, New York, in 1914, the big retailers of the city paid less than no attention. Some of them are still paying no attention. But Samuel Klein should worry. Last year his store, now expanded, did a business of $20,000,000 in women's, misses', and children's clothing—and it is a cash business, too. He expects to reach $25,000,000 for 1929.

His method is a combination of four fundamentals: self-service, low overhead, quick turnover, and a small margin of profit.

CUSTOMERS wait on themselves in "Klein's—On the Square." Selling 4,000,000 garments a year, this counts.

The average individual purchase of each patron is $6 in summer and $10 in winter. In the basement, dresses are $1.50 to $5.95. Prices on the main floor are $5.95 to $9.95. On upper floors are more costly gowns, but the call for them decreases as the price rises. More dresses are sold for $9.95 than for any other one figure. Sport coats for $15 to $20 are much in demand, as are also dressier coats at from $20 to $45.

Klein's is a shabby looking establishment—there is no blinking that fact. But customers come for two things—good value and fair treatment. These, they feel they get.

Klein's overhead runs to only 6% of the total annual business. Yet the Harvard Bureau of Business Research gives the overhead of specialty stores doing a net business of over $1,000,000 a year as 31.3%. Shops which have tried self-service are generally pleased if they reduce that figure to 20%.

How does Mr. Klein account for his phenomenally lower percentage? He buys cheap because he pays cash. "And with us cash doesn't mean money within thirty days, or fifteen days either. It means the check in your hand as soon as you deliver the goods." Many a manufacturer temporarily hard up is glad to sell a consignment on these terms. Eighty-five per cent of the merchandise is from makers' regular lines, the other 15% job lots. Goods are retailed at 10% mark-up. If garments remain unsold after a certain time their prices are automatically cut. The entire stock is turned over every two weeks.

SAVINGS in clerical labor are also important. Mr. Klein has devised a complete system for stock checking and accounting, done largely by machine.

Every morning buyers receive the sales-tickets of the day before, and thus know which goods are most wanted. The cost of this mechanical accounting is about $50,000 a year, ¼% of the store's volume of business. Twelve "punchers" transfer information from garment tags to record cards; two clerks run sorting and tabulating machines; eight clerks post daily sales in a perpetual inventory.

The garment tag is a vital part of the system. It has an upper and a lower half, both stamped by machine when a patron buys. The lower half guides re-orders. The upper half is taken home by the customer—good for money back if returned with garment within five days.

Large signs printed in English, Spanish, Italian, Polish, and Yiddish, warn patrons against shop-lifting. The whole loss by pilferage, plus cost of store detectives and check up, amounts to only ½% of the annual business.

Along about 1918, Samuel Klein placed an advertisement in a tabloid, saying that on the following day he would sell women's dresses at $1 each. The mobs that came had to be held back by the police. In no time, those dollar dresses had been gobbled up, and women still crowded into the store to buy. So gowns were taken off higher-priced racks and sold at $1. This went on all day. At the end of it, Klein had lost money. But he had made friends, and he has kept them.

STAMINA

THE "Ship of the Desert" can travel further and faster because he carries with him the means of a long-sustained water supply.

The business equipped with an Egry COM-PAK Autographic Register system—preventing losses by timely records of initial transactions—is the business of greater stamina and solvency.

Thisquick-acting, simply-operated register is not only a guardian of profits for concerns in many lines of business—

It builds goodwill by preventing misunderstandings. It certifies every record by its own maker—fixes responsibility.

The Egry COM-PAK provides:

- Detailed Sales Records
- Dependable Delivery Receipts
- Reliable Production and Cost Records
- Accurate Invoicing
- Positive Stock Control
- Vouchers for Money Paid Out
- Records of Money Received on Account

There is a way to hitch up this proven and popular record-maker for the benefit of *your* business.

May we tell you how?

Write today for further information.

THE EGRY REGISTER COMPANY
Dayton, Ohio

EGRY
COM-PAK
AUTOGRAPHIC REGISTER

Pumpkin Now; Apple Always

PUMPKIN pie is the ace of all seasonal pies. The annual peak of pumpkin pie consumption is reached this week, Thanksgiving Day. Mince has its big day, Christmas.

But, taking the year round, apple pie is the favorite. Restaurant owners who balloted in 1926 adjudged it "America's favorite dish." It is as safe a bet on a menu as roast beef, they say.

Sales of apple pies exceed all others combined. In Thompson's popular-priced restaurants in Chicago, seven varieties of pie are sold. Though pumpkin is having its day right now, two-thirds of all pie sales for the year will be apple. Of all desserts sold two-thirds are pie.

Pie-making is almost a major industry. Its annual total is $60,000,000, according to the 1927 census of manufactures. Chicago has one concern, the result of a recent pie merger, that bakes 90,000 pies nightly, another that makes 47,000.

But the census overlooked millions upon millions of homemade pies. Chicago pie kings find that $35,000,000 worth of pies are consumed each year in their field alone. Of this amount, but $5,000,000 worth are eaten in restaurants and hotels, $1,500,000 in industrial plants. Home consumption of $28,500,000 remains!

Men prefer double-crust chewy pies, while women favor cream, or the soft, open-face variety. Meringues don't live up to their appearance and men won't order them, restaurant owners insist.

Chocolate is the most difficult to make properly; consequently the demand is small. A leading men's grill, knowing that men generally like chocolate in some form, makes a specialty of chocolate pies and is famous for them.

Women, for "weighty" reasons, seldom order chocolate pie. Of the cream pies they prefer lemon. Rhubarb, gooseberry and cranberry, which are among the least popular with men, are more in demand by women.

Pumpkin pie topped with whipped cream is a late development. Grape pie, one of the best sellers seven years ago, has fallen from grace. A large bakery combine recently introduced the "juicy apple" pie, another brought out the loganberry. Deep-dish apple pie à la mode goes big at men's clubs and conventions. It tops the list at the Furniture Mart restaurant, Chicago, where a thousand pies daily are consumed during the furniture show.

Master Merchandisers of America use

DENNEY ADVERTAGS

40 Fathom FISH

CAUGHT 200 miles at sea, 240 feet below the surface, and rushed to you in a trademarked vegetable parchment wrapper—tagged with a Denney Advertag.

That's the service and protection afforded you by the Bay State Fishing Company of Boston, Mass.—"Largest Producer of Fresh Ocean Fish in America."

That's the way this company guards its reputation and assures you of always getting the genuine 40 Fathom Fish—"always fresh, never frozen." And it's typical of the many large companies who use Denney Advertags for protecting their products and protecting you against imitations.

Look for Denny Advertags on the products you buy. They'll aid you in making wise selections, by giving particulars as to the maker, the use, the merits, and the price of the commodity. They'll tell you things the salesman may not know (or has forgotten) and save your time by doing so at the moment he is busy with another customer.

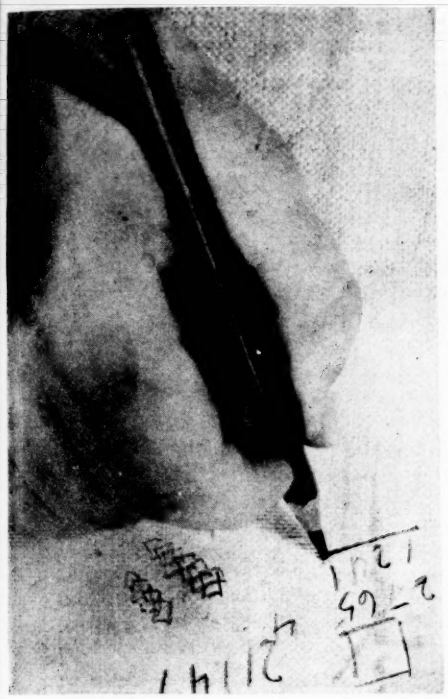
To MANUFACTURERS:

Denney Advertags *sell* and increase the effectiveness of all other forms of selling effort. Businesses that "have arrived" are using them with marked effectiveness. Businesses that are "on the way" need them even more.

Send for further information or let us design an ADVERTAG for your business without obligation.

THE DENNEY TAG COMPANY
WEST CHESTER, PA.
Branches in All Principal Cities

Figures on the Tablecloth—



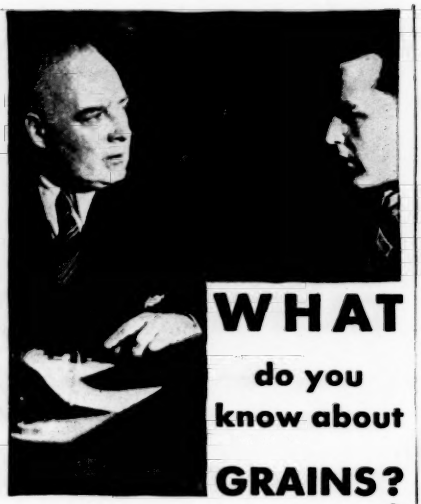
For business men who never lunch alone, The Business Week saves time. Terse, but thorough, it gives the substance of the week's developments in an hour's rapid reading. Interesting and brisk, but not self-conscious; serious, but not solemn, this fast newsweekly tells what is going on in business and what it's all about.

The Business Week is available at the important newsstands in New York on Saturday noon; on sale at major stands everywhere East of the Mississippi on Monday. Published Saturday, dated the following Wednesday. 15¢ a copy; by subscription $5 a year. Advertising forms close one week in advance—magazine printing with newspaper speed and flexibility.

THE BUSINESS WEEK

A Journal of Business News and Interpretation

A McGRAW-HILL PUBLICATION



WHAT do you know about GRAINS?

A GREAT future awaits many millers, manufacturers of cereal breakfast foods, makers of stock feeds and others in similar lines in this rich agricultural and industrial Piedmont Carolinas.

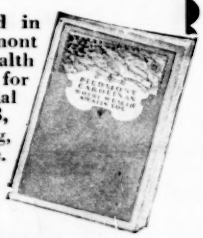
For here are abundant cereal crops. Oats and wheat (as well as corn and barley) are produced in every Piedmont Carolinas county. But that part not used on farms finds its way to market in the "raw" state.

Each year $325,000,000 worth of manufactured foods and feed stuffs are *imported* into the Carolinas. This useless ebb and flow of grain crops will be stopped only when Carolina mills grind and mix Carolina grains.

The large industrial population, employed at wages that insure good living, is a healthy market for home-produced flour, meal, and cereal goods.

The increasing flocks of poultry, herds of dairy cattle, hogs and other stock are an equally valuable market for by-products that cannot be turned into human food.

Facts are presented in this book — "Piedmont Carolinas, Where Wealth Awaits You." Send for it. Address Industrial Dept., Room 2533, Mercantile Building, Charlotte, N.C. Write.



DUKE POWER COMPANY

SOUTHERN PUBLIC UTILITIES COMPANY AND OTHER ALLIED INTERESTS

TREND and TEMPO

By Robert R. Updegraff

HERE is a paragraph from a last week's New York bookstore advertisement: "The interest in Business in all its branches has grown to such proportions that Brentano's have enlarged their BUSINESS BOOK Department and have placed it in a prominent position on their main floor."

Greater significance lies in this simple statement than in anything that has been published in recent years on the subject of the business man and reading. . . . There is nothing of theory about this: the sales record has brought the business book department to the main floor. It is my humble belief that it will become an increasingly busy department as the months pass, for we business men face no small job in working out the problems that confront us in the immediate future, and we shall need all of the help we can get from the crystallization of business experience and ideas in books.

IT takes so much less time to do some of the cultural things than we imagine.

This fall I promised myself to attend the Philharmonic-Symphony concerts—rather in a spirit of heroism, I must admit, at the thought of taking a whole afternoon every two weeks for so unbusinesslike a purpose.

I have found that it actually takes only an hour and a half, or two hours and a quarter allowing for taxis to and from Carnegie Hall. One can have a business luncheon lasting until after two o'clock, slip up to Carnegie Hall, listen to some of the world's finest music from 2:30 until 4, have an hour left for engagements, and reach home at the usual time, having given one's spirit a refreshing treat.

Many other types of cultural and recreational pastimes could be worked in quite as easily, were we to make up our minds not to let ourselves be slaves to the conventional idea of business as so many hours at a desk.

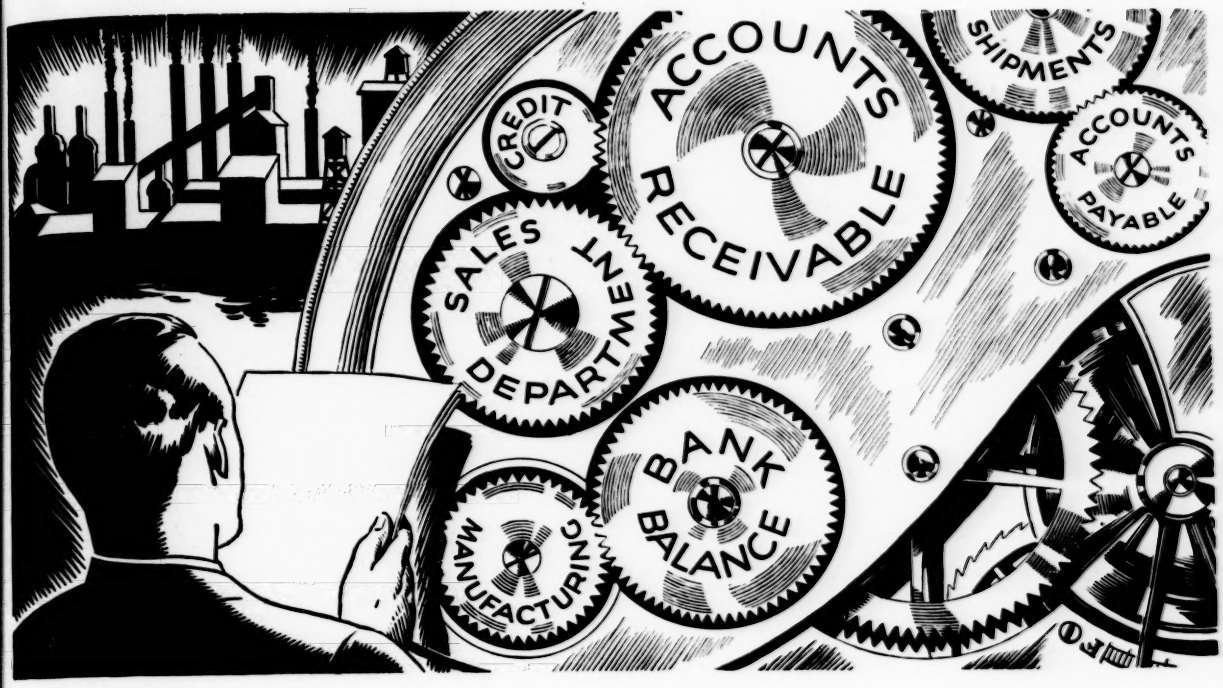
FOR a long time it has been borne in on me that the greater limiting factor to business progress is human nature, both within and without business. The human nature of the public represents a marketing factor of primary importance. The human nature of the worker represents the most difficult factor engaging the attention of management.

Now comes Ordway Tead with a contribution to the latter phase of the human nature problem: a book entitled "Human Nature and Management." Tead defines leadership as "the name for that combination of qualities by the possession of which one is able to get something done by others chiefly because through his influence they become willing to do it."

"The modern spirit of service and friendliness in business reveals itself in courtesy and courtesies," said a New York business man the other day.

It struck me as being a rather happy conception—"courtesy and courtesies." Actually, if we take courtesy apart we find that it is made up of courtesies. . . . Would it not simplify the job of teaching courtesy to an organization, if instead of talking the abstract conception "courtesy," one were to talk only of concrete "courtesies?" If an organization can be drilled into extending courtesies, it will automatically become a courteous organization.

WITH everything as upset as it has been for the past three or four weeks, when owing to the Wall Street crash no man has been able to plan too definitely for the future, some consolation may be found in the story Daisy Princess of Pless tells of Empress Eugénie. It seems that the Empress had her tomb made in France thirty years before her death and when, finally, it was wanted no one could find out where it was, and she had to remain unburied a year while another was made!



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EDITORIAL PAGE

THE BUSINESS WEEK—A McGRAW-HILL PUBLICATION

Stick to the Facts

AT times like this business gets verminous with rumor and suspicion and begins to itch all over with anxiety. Because everybody loves a good lie, everyone now enjoys being the bearer of important inside information about business conditions. One or two second-hand instances of this, that, or the other development in some line of trade enable anyone to generalize freely about business at large, and to set up as an authority on the present state of the universe and an oracle on the future. The less we know and the less we have to do the more we chatter and gossip, and our uncertainty and hesitation fatten on our ignorance.

In the present circumstances business is wasting a lot of time swapping ghost stories of this kind. No one can find out what is going to happen by standing around talking about it. We ought first to ascertain honestly what is really happening now, and then shut up and go to work.

Business has gotten into this mess primarily because, for six or seven years, the facts about the business situation and financial conditions have been wilfully ignored or flagrantly misinterpreted. It will take a long time to get out of this mess unless it now finds the facts, faces them, and follows them faithfully.

American business men for the most part are adults. They don't want to be terrified with tales, but neither do they need to be coddled. They want to know the facts and are not afraid to face the truth.

It is the duty of our business leaders, public authorities and trade statisticians at this time to tell the business community truthfully what is going on so that it shall be able to judge more wisely what it should do. Practical and effective action is impossible in the dark.

This, we believe, is what the President's conferences with leaders in the various industries are for. They are intended, we are sure, to enlighten, not to scare or comfort the public. They are no council of war, called to meet an emergency, for there is no emergency save that of ignorance and inertia. They are no political pulmotor brigade, summoned to apply forced respiration to business, for it is quite alive and kicking.

They are part of the President's plans, which have been in preparation and in process of application for years, to promote a clearer understanding of fundamental economic conditions in this country and to lay the long-neglected basis for more stable, well-balanced, and better controlled business development in the future.

In so far as they put plainly before the business community the facts of the present situation, and show clearly what responsible and far-sighted business leaders are planning for the future, they should have a constructive influence in putting foolish fears and fancies to flight and bringing business thinking closer to the realities of the problems it faces.

Managing Editor—MARC A. ROSE *News Editor*—RALPH BEVIN SMITH *Economist*—VIRGIL JORDAN
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J. F. CHAPMAN CAMERON ROBERTSON F. A. HUXLEY
General Offices, Tenth Ave. at 36th St., New York City